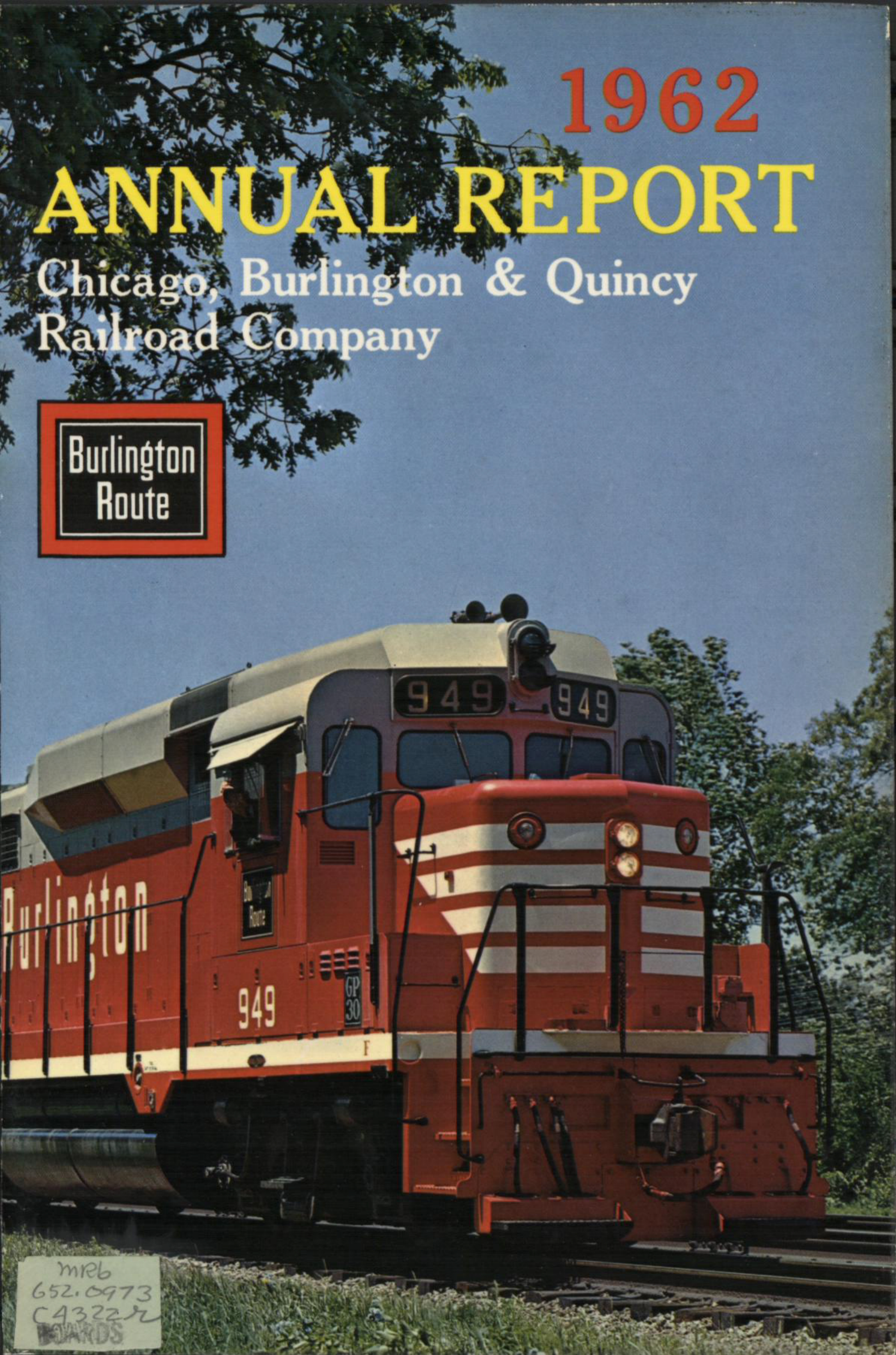
1962

ANNUAL REPORT

Chicago, Burlington & Quincy Railroad Company

Burlington
Route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BOARDS

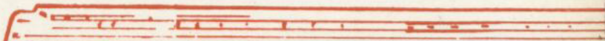
TO OUR PATRONS—

Maintaining a proper perspective is necessary to the successful conduct of any business. Men and women of the Burlington keep uppermost in mind that we can remain in business only so long as we serve our customers well. This has been a Burlington maxim for 113 years—and it never grows old.

The challenge to build a better Burlington and to improve our facilities to shippers and passengers continues. Some of these features are shown pictorially in this Annual Report.

H. C. MURPHY
President

COVER PICTURE—
Husky GP-30 turbocharged diesels, acquired in 1962 for high-speed main line freight service, power one of the Burlington's celebrated time freights.



One Hundred and Ninth

ANNUAL REPORT

of the

BOARD OF DIRECTORS

of the

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

For the Year Ended
December 31, 1962

Burlington
Route

Chicago, Burlington & Quincy Railroad Company

DIRECTORS

JOHN M. BUDD *President, Great Northern Railway Company*	St. Paul, Minn.
KENNETH F. BURGESS *Partner, Sidley, Austin, Burgess & Smith*	Chicago, Ill.
GEORGE M. FOSTER *Chairman of the Board, John Morrell & Company*	Ottumwa, Ia.
J. C. JAMES *Retired Executive Vice President and General Counsel, Chicago, Burlington & Quincy Railroad Company*	Chicago, Ill.
ROBERT S. MACFARLANE *President, Northern Pacific Railway Company*	St. Paul, Minn.
ELLSWORTH MOSER *Retired Chairman of the Board, United States National Bank of Omaha*	Omaha, Nebr.
H. C. MURPHY *President, Chicago, Burlington & Quincy Railroad Company*	Chicago, Ill.
CLARENCE B. RANDALL *Director, Inland Steel Company*	Chicago, Ill.
R. DOUGLAS STUART *Director, The Quaker Oats Company*	Chicago, Ill.

EXECUTIVE COMMITTEE

H. C. MURPHY. . . *Chairman*

JOHN M. BUDD
KENNETH F. BURGESS
GEORGE M. FOSTER
J. C. JAMES
ROBERT S. MACFARLANE
R. DOUGLAS STUART

OFFICERS

H. C. MURPHY, *President*	Chicago
F. L. KARTHEISER, *Vice President-Executive Department*	Chicago
ELDON MARTIN, *Vice President and General Counsel*	Chicago
GUY R. GLOVER, *Vice President-Traffic Department*	Chicago
E. L. POTARF, *Vice President-Operating Department*	Chicago
W. N. ERNZEN, *Comptroller*	Chicago
J. J. ALMS, *Executive Assistant to the President*	Chicago
HOLLY STOVER, *Executive Assistant to the President*	Chicago
W. K. BUSH, *Secretary and Treasurer*	Chicago
L. N. ASSELL, *Assistant Secretary and Assistant Treasurer*	Chicago
E. J. BROWN, *Chief Engineer*	Chicago
H. V. SCHILTZ, *Director of Purchases*	Chicago
E. A. WHITE, *General Auditor*	Chicago
JOHN E. ADAMS E. V. FINK *Fiscal Agents*	39 Broadway, New York
GERARD MONTGOMERY MARTIN H. WEBER *Transfer Agents*	39 Broadway, New York

The above were Directors and Officers as of December 31, 1962.

PRINCIPAL OFFICE OF THE COMPANY

BURLINGTON BUILDING. . . . . .547 W. Jackson Blvd., Chicago 6, Ill.

HIGHLIGHTS OF OPERATIONS

	1962	1961	Increase or Decrease	(I) (D)
Operating Revenues (Page 41)	$263,434,538	$254,160,812	$ 9,273,726	(I)
Operating Expenses (Page 41)	$207,899,087	$201,902,807	$ 5,996,280	(I)
Operating Ratio (Page 41)	78.92	79.44	.52	(D)
Available for Fixed Charges	$ 28,012,528	$ 22,071,228	$ 5,941,300	(I)
Fixed Charges (Page 41)	$ 7,599,624	$ 7,662,562	$ 62,938	(D)
Times Fixed Charges Earned	3.69	2.88	.81	(I)
Total Taxes (Page 31)	$ 24,033,041	$ 27,159,603	$ 3,126,562	(D)
Net Income	$ 20,412,904	$ 14,408,666	$ 6,004,238	(I)
Dividends Paid	$ 12,812,902	$ 12,812,902		
Averages per Share of Stock:				
Taxes	$ 14.07	$ 15.90	$ 1.83	(D)
Net Income	$ 11.95	$ 8.43	$ 3.52	(I)
Dividends Paid	$ 7.50	$ 7.50		
Net Investment	$711,600,001	$748,563,970	$ 36,963,969	(D)
Rate of Return on Net Investment	3.42%	2.53%	.89%	(I)
Average Number of Employes	21,676	22,216	540	(D)
Total Wages	$133,245,729	$131,678,740	$ 1,566,989	(I)
Revenue Ton Miles	17,069,856,315	15,729,303,978	1,340,552,337	(I)
Gross Ton Miles per freight train hour	72,282	69,175	3,107	(I)
Revenue Passenger Miles	853,932,930	855,285,275	1,352,345	(D)
Miles of Road Operated	8,547.23	8,575.31	28.08	(D)
Total Outstanding Funded Debt including Equipment Obligations (Page 48)	$216,159,062	$220,743,480	$ 4,584,418	(D)

REPORT

for the Year Ended December 31, 1962

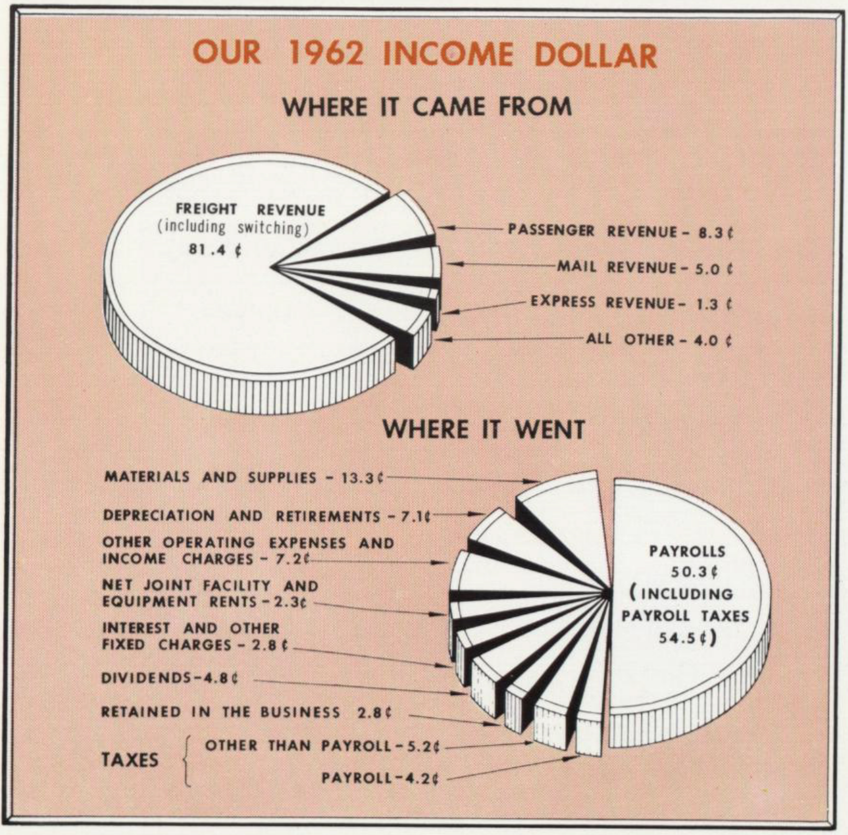
Increased gross revenues coupled with reduced income taxes resulting from the use of new depreciation guideline lives and the investment credit contributed substantially to the Company's improved showing in 1962. Net income was the highest since 1956.

Net income was $20,412,904, an increase of $6,004,238, or 41.7 per cent over 1961.

Operating revenues were $263,434,538, an increase of $9,273,726, or 3.7 per cent above those of 1961.

Operating expenses were $207,899,087, an increase of $5,996,280, or 3.0 per cent above those of 1961.

Railway taxes recorded in income account declined to $25,034,208, a decrease of $2,895,813, or 10.4 per cent under 1961.



OUR 1962 INCOME DOLLAR

WHERE IT CAME FROM

WHERE IT WENT

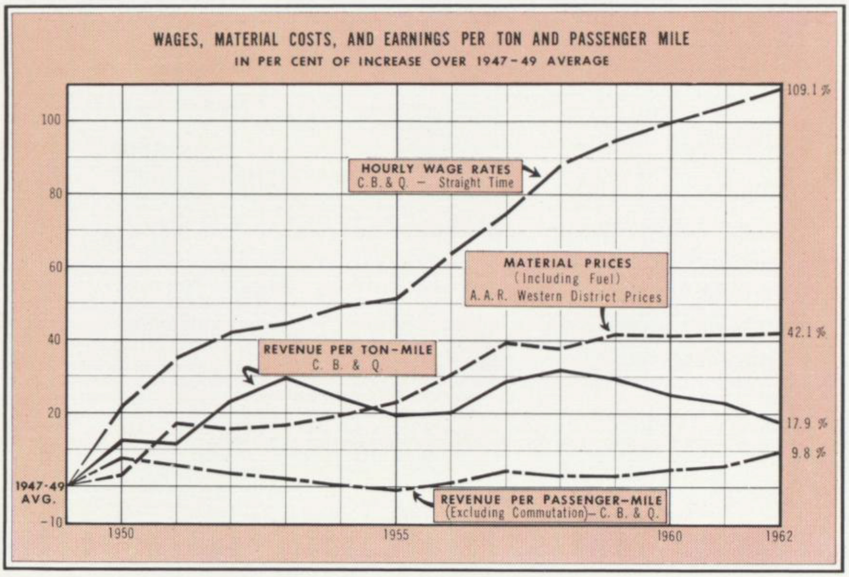
During the year, the Company improved its property by gross expenditures chargeable to capital for equipment and roadway, aggregating $19,125,577. These expenditures during the past ten years amount to $299,263,674.

Capital Expenditures by Years 1953-1962, Inclusive

	Gross		Retirements		Net	
	Road and General	Equipment	Road and General	Equipment	Road and General	Equipment
1953	$ 11,720,397	$ 33,730,890	$ 4,472,896	$ 9,387,049	$ 7,247,501	$ 24,343,841
1954	10,789,572	16,513,268	4,468,187	10,119,340	6,321,385	6,393,928
1955	5,390,690	19,825,370	6,466,453	6,502,707	Cr. 1,075,763	13,322,663
1956	16,466,228	14,871,156	7,077,988	3,469,423	9,388,240	11,401,733
1957	23,942,890	22,474,055	5,456,775	6,680,908	18,486,115	15,793,147
1958	8,232,334	21,196,344	6,165,355	3,078,413	2,066,979	18,117,931
1959	9,078,179	18,281,592	5,517,683	3,293,847	3,560,496	14,987,745
1960	13,610,304	13,357,357	5,304,613	10,696,104	8,305,691	2,661,253
1961	2,980,270	17,677,201	6,686,301	13,933,428	Cr. 3,706,031	3,743,773
1962	3,152,456	15,973,121	3,669,346	8,261,776	Cr. 516,890	7,711,345
Total	$105,363,320	$193,900,354	$ 55,285,597	$ 75,422,995	$ 50,077,723	$118,477,359

These expenditures provided new and improved equipment and road facilities with which to give faster and more efficient service.

Wage and material costs have continued their upward trend since 1947-1949. Earnings per ton mile, while somewhat higher than the 1947-1949 average, have shown a continuing decrease since 1958. Revenue per passenger mile in 1962 continued to increase.


WAGES, MATERIAL COSTS, AND EARNINGS PER TON AND PASSENGER MILE
IN PER CENT OF INCREASE OVER 1947-49 AVERAGE

FREIGHT TRAFFIC

Active sales efforts, improved service, an increasing supply of specialized equipment, and special attention to incentive rates combined to make 1962 a year of significant gains in revenue and traffic handled.

Revenue carloads were the highest since 1956, with grain, coal, iron and steel, implements, autos, and forwarder traffic the heaviest contributors. Commodity groups failing to maintain a favorable trend were livestock, fruits and vegetables, and cement, with less-carload traffic also on the decline.

Loadings of storage grain were especially heavy early in the year. After a disappointing wheat crop in July, the loadings picked up again with the harvesting of the corn, sorghum, and soybean crops in the fall, resulting in severe car shortages in the latter part of the year.

Adjusted freight revenue for 1962 was $213,428,177 compared with $205,020,997 in 1961, an increase of 4.10 per cent.

Carloads of revenue freight handled in 1962 totaled 1,369,875, an increase of 57,285 or 4.36 per cent over 1961.

Revenue tons carried in 1962 were 52,346,451, an increase of 4,017,756 or 8.31 per cent. Freight train miles decreased 0.27 per cent.

The average revenue per ton mile decreased from 1.303 cents in 1961 to 1.250 cents in 1962 or 4.07 per cent.

Average load per car of carload freight was 38 tons as compared with 37 tons in 1961, an increase of 2.70 per cent. The average load in 1940 was 31 tons.

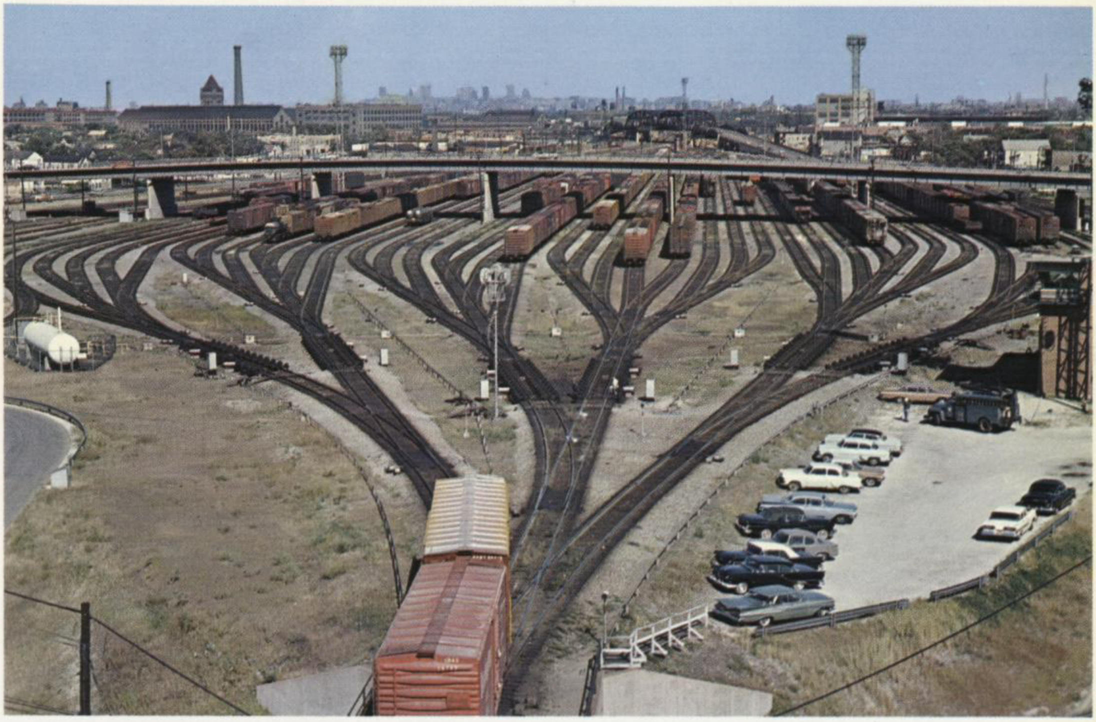
Source of Freight Revenue

	1962 Revenue*	Per Cent of Total	Per Cent Change from 1961	
			Increase	Decrease
Products of Agriculture	$ 54,265,723	23.75	5.49	
Animals and Products	15,859,085	6.94		2.10
Products of Mines	32,348,802	14.16	4.15	
Products of Forests	16,329,845	7.15	5.85	
Manufactures and Miscellaneous	96,093,459	42.05	5.26	
Forwarder Traffic	9,289,859	4.06		4.83
Less-Than-Carload	4,327,916	1.89		17.96
Total	$228,514,689	100.00	3.65	

*Gross Freight Revenue, stated without adjustments for absorptions (principally switching, pick-up and delivery and corrections) which reduced total freight revenue to $213,428,177.

Building a Better Burlington

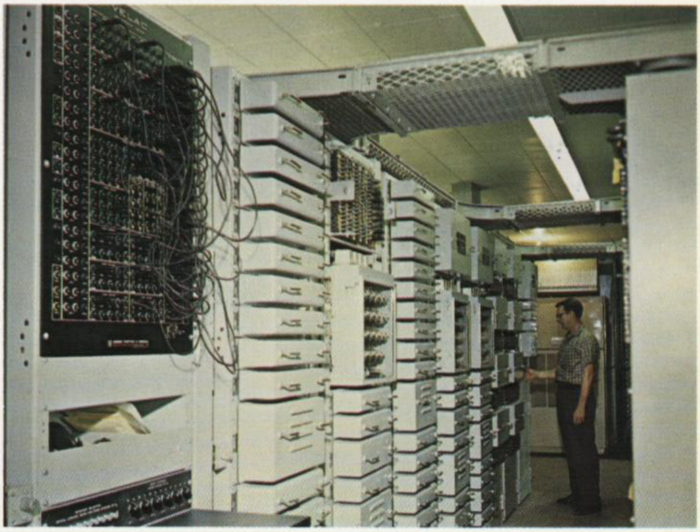
in the Chicago Area



Looking east from the Control Tower of the new Cicero Classification Yard. Chicago skyline in background.

Left: test panel on which car movements can be simulated to insure proper action of all componets.

Below: part of the central electronic equipment required for the modern Signal and Communication Systems at Cicero yards.



FREIGHT RATES

The Company continued its activities looking toward establishment of rates which will enable us better to meet competition of water and highway carriers. Numerous rate adjustments were made where it appeared to be in the best interests of the railroad and the shipper, and many others are under consideration.

One of the most pressing problems involves rates on grain because of the importance of this commodity to Burlington and the increasingly severe truck and barge competition. Reduced export rates are being proposed on wheat and flour from origins west of the Missouri River to ports on the Gulf of Mexico and the Great Lakes. To give elevator operators who use rail service a better opportunity to bid in competition with those using unregulated grain haulers, reduced grain rates from western origins to Missouri River markets are under active consideration. To combat truck-barge competition and prevent displacement of the western milling industry by new operations in the South, proposals to reduce through rates to Southeastern States also are under consideration.

Among other adjustments made during the year was a reduction in Bentonite rates from producing points in Wyoming to Chicago and other lake ports for movement by water to Canada. There is a possibility of a large annual movement to Canadian destinations if competition from foreign sources can be met.

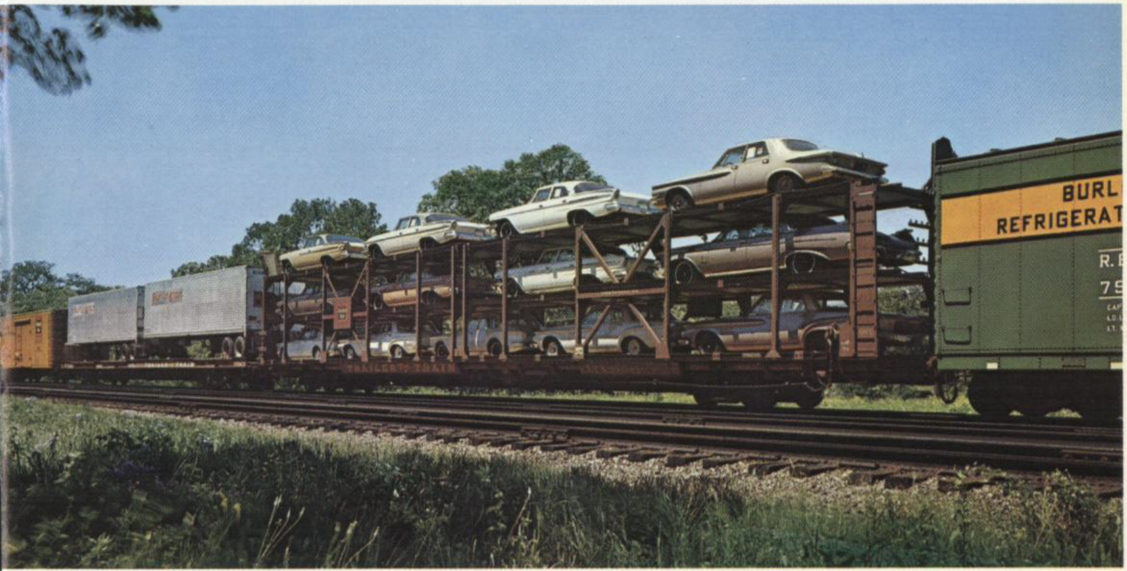
Several service innovations have been adopted, or are in progress, to meet truck competition. Burlington provides carload rates on bulk cement which include unloading into receivers' bins, or an allowance to receivers who do their own unloading. Delivery of newsprint paper to receivers at off-track locations on and east of the Missouri River is provided at no added cost or, in the alternative, allowances are provided for receivers at off-track locations who perform their own drayage service. Additional split delivery arrangements on sugar will give western producers a better opportunity to compete with producers of water-borne sugar from Gulf of Mexico refineries.

TRAILER-ON-FLAT-CARS

A total of 56,141 trailers were handled on flat cars, compared to 54,393 handled in 1961. The movement in September, 5,555 trailers, was the largest for any month in the history of Burlington TOFC service.

Building a Better Burlington

Multi-level and Piggy-back Operations


BURL
REFRIGERAT
TRAILER TRAIN

Mechanical refrigerator car, a piggy-back flat car with two mechanical refrigerated trailers, a tri-level rack car with autos and an insulated box car. This is the trend of a modern railroad in its use of specialized equipment.

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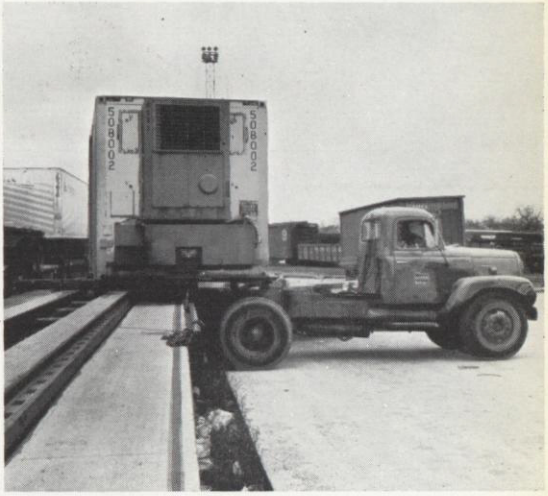
508002
Burlington
Route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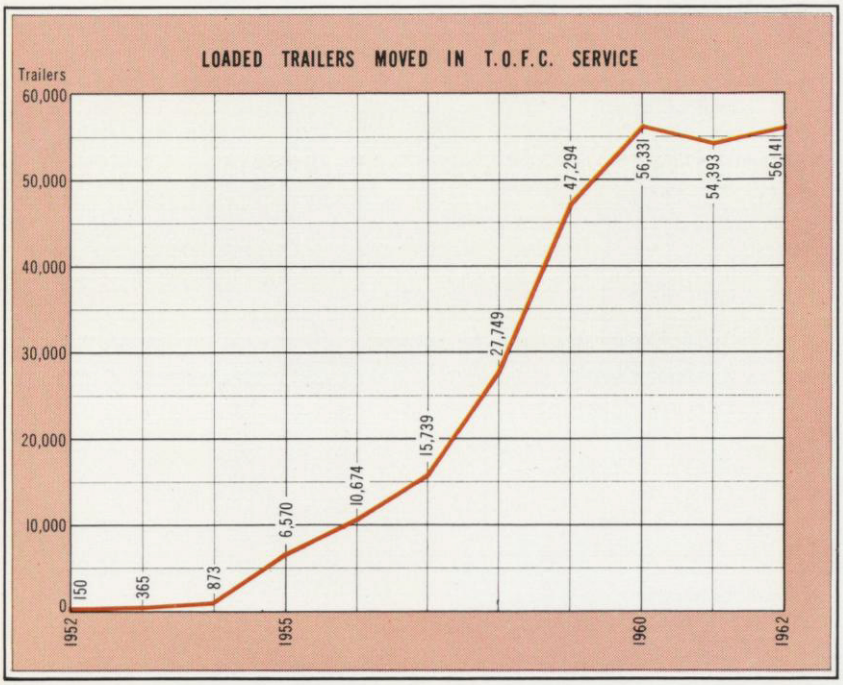
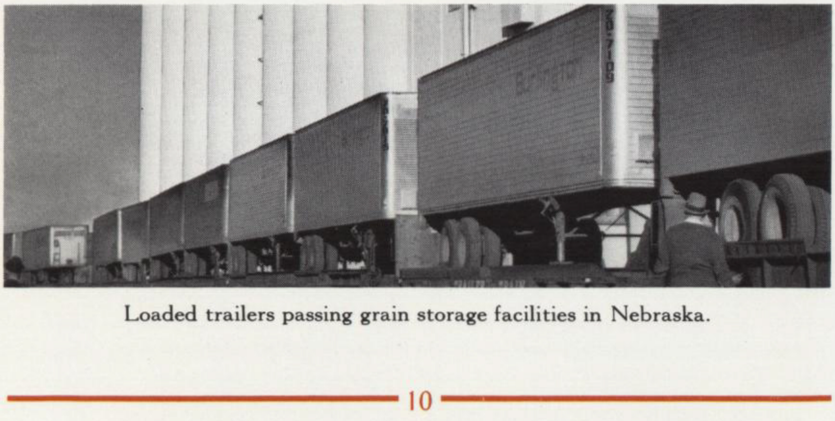
Refrigerator containers that can be moved on or off a rail flat car by a conventional truck tractor . . .

TRAILER-ON-FLAT-CARS (Continued)

Plan II shipments, on which the railroad performs a complete service, continued to grow and amounted to approximately 59 per cent of the total. Plan IV movements increased slightly, but there was a small decrease in Plan I shipments handled. The Plan III movement was negligible.

To meet the continuing demand for refrigerator equipment, 100 new container type refrigerator units were placed in service.





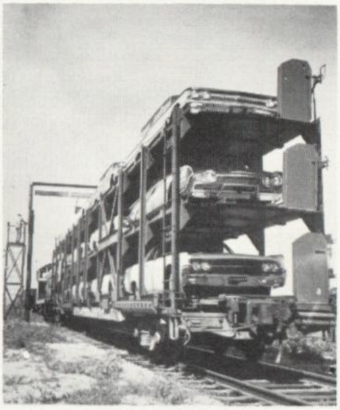
Loaded trailers passing grain storage facilities in Nebraska.

MULTI-LEVEL RACK CARS

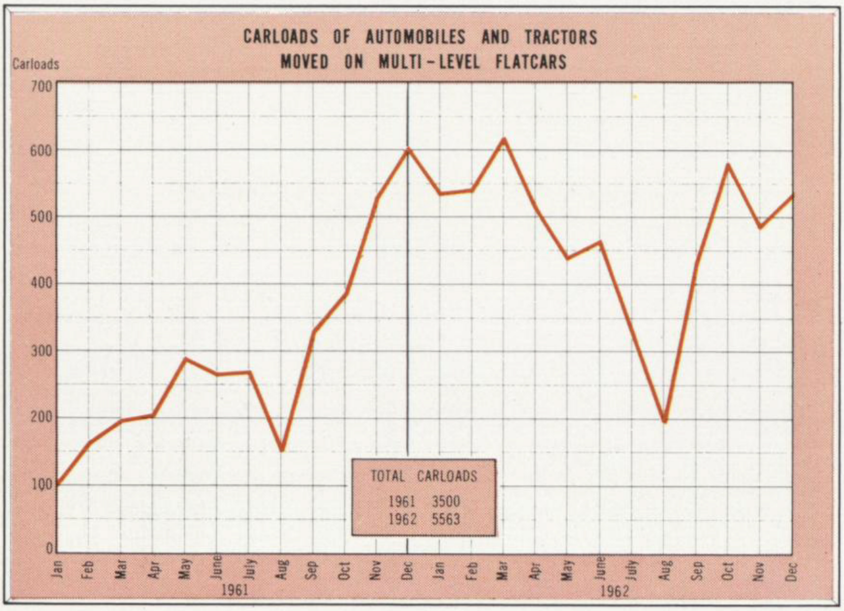
The movement of new automobiles, trucks, and farm tractors on multi-level rack cars continued its rapid expansion during 1962 with an increase of 57 per cent over the previous year. Our fleet of rack cars was increased proportionately and additional cars are scheduled to be added during the coming year to satisfy the favorable acceptance of moving vehicles in this type of equipment.

TRAILER TRAIN

Tri-level load
handling autos.



New load measuring device
checking tri-level load of autos.



MEAT TRAIN

Improved schedule of Meat Train operating Omaha to Chicago provides new high-speed service for the handling of conventional refrigerator cars, and refrigerator trailers and containers on flat cars. This train stops only to change crews during its 488-mile run from Gibson Yard in Omaha to Congress Park on the outskirts of Chicago, making the run in less than ten hours on a schedule comparable to that of the Nebraska Zephyr between Omaha and Chicago. Eastbound meat cars are delivered to eastern railroads in time for departure in their fast freight trains. Fresh meat shipments from Omaha thus reach the Eastern Seaboard twelve to twenty-four hours earlier than under previous schedules.

AGRICULTURE AND LIVESTOCK

Agricultural production in Burlington territory was at a high level in 1962. The harvested acreage of principal crops was the smallest since 1909 yet total production was about equal to the record 1960 volume. Twenty-nine per cent more sorghum grain was harvested than in 1961, which is 85 per cent more than the ten-year average. Corn production was 1.5 per cent above last year and 23 per cent over the 1952 to 1961 average. Hay production was 15 per cent over the previous year and 18 per cent above the ten-year average. Winter wheat was damaged by black stem rust for the third consecutive year, reducing production 4 per cent below 1961 and 27 per cent below the ten-year average. Oats continued to decline as demand for this once important crop diminished to an all-time low. Production was 4 per cent less than 1961 and 22 per cent below the ten-year average. Sugar beet production was 1 per cent more than the previous year and 25 per cent above the ten-year average.

Outlook is optimistic for 1963. Winter wheat acreage seeded last fall for harvest this year is 8 per cent greater than last year but 5 per cent below the 1952-1961 average. The Colorado-Nebraska crop is in good condition. Early government estimates for Nebraska wheat production in 1963 are 95 million bushels, which is 77 per cent above 1962 and 20 per cent above the ten-year average. There will be no governmental acreage restrictions on sugar beets this year which should improve production in areas served by Burlington. Carry-over of irrigation water is higher than for many years; however, the early snowpack in watersheds was subnormal and additional moisture will be needed to assure an adequate supply. Twenty-four thousand irrigation wells capable of irrigating 1,860,000 acres provide a major share of irrigation water for corn and other crops in Nebraska.

AGRICULTURE AND LIVESTOCK (Continued)

These wells, coupled with large reserves of underground water, insure against drouth and tend to stabilize the production of crops and livestock.

Cattle in feed yards increased 8 per cent. In Colorado, the increase as of January 1, 1963 was 20 per cent over January 1, 1962. Livestock in Burlington territory is generally in good condition with ample forage available.

INDUSTRIAL DEVELOPMENT (see pages 14 and 15)

Industrial development continued active during 1962. There were 730 new industrial leases issued during the year on land owned by the railroad, paced by a heavy demand for small sites adaptable to storage and distribution of farm fertilizers. Sixteen industries purchased Burlington-owned land on which to erect new plants and ten new industries located on other lands available to our service. Thirty-four new industrial tracks or track extensions were built, one temporary contractors' track was installed, and five temporary contractors' tracks were continued in use an additional year. Three industries formerly served by the Chicago, Aurora & Elgin Railway at Aurora, Illinois, now have Burlington service as a result of acquiring C.A.&E. trackage due to abandonment of that railway.

Extensions of utilities, streets, and lead trackage at Burlington-owned industrial districts at Aurora, Illinois, and at North Kansas City, Missouri, now provide services to several hundred acres of industrial property not previously served. To meet demands for industrial sites along the railroad, seventy acres were acquired at Lincoln, Nebraska. Arrangements were completed for trackage to serve newly-formed Chamber of Commerce industrial districts at Lincoln, Nebraska, and St. Joseph, Missouri. Burlington's important Paseo Industrial District at North Kansas City, Missouri, was especially active, with eight industries purchasing sites there during 1962.

COAL TRAFFIC

Late in 1962, a new strip coal mine went into operation near Vermont, Illinois. This new mine, served exclusively by Burlington and operated by Delta Coal Corporation, is expected to produce more than 700,000 tons of coal a year. The mine is estimated to have a life of at least twenty years.

The coal, which is located some sixty feet below the surface of the ground, is uncovered by an electric-powered shovel having a dipper capacity of sixty-five cubic yards.

Burlington Industrial Development

Celanese Polymer Co's. new plastic plant, Batavia, Illinois.

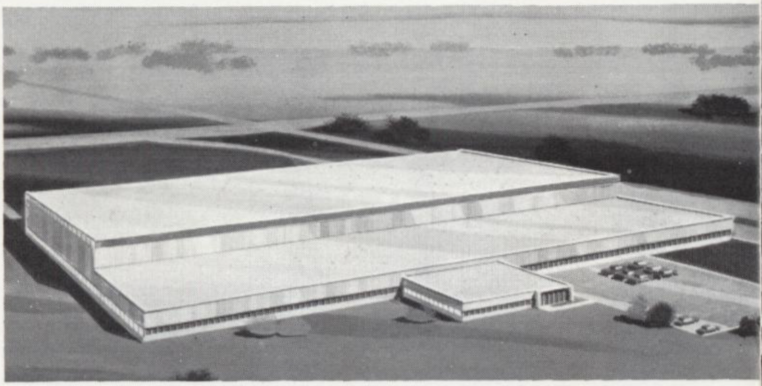
1962 was a year of growth and progress, with many new facilities being built along the railroad. This expansion will be reflected for many years in local payrolls and taxes, as well as in railroad revenues.

Pictured here are nine plants and warehouses begun in 1962. Typical of Burlington Industrial Development are sites developed at Omaha, Lincoln, Aurora, Kansas City, and Des Moines.

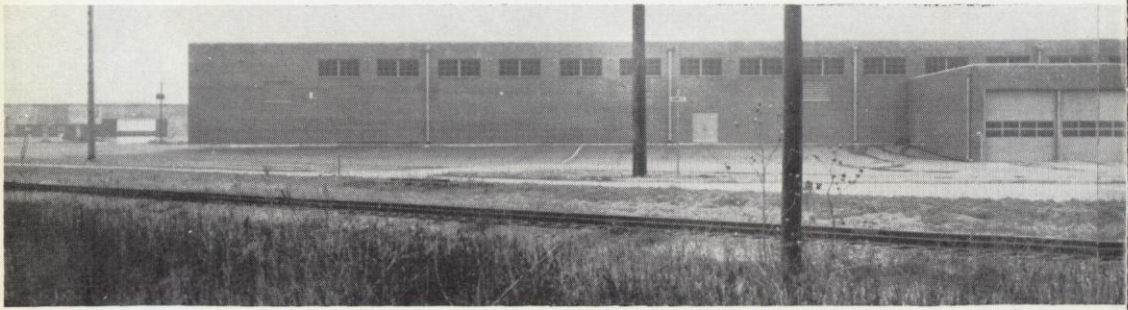
Burlington's Industrial Department co-operates actively with communities, civic groups, Chambers of Commerce, and others interested in the development of new industries in areas served by the railroad.

Information on real estate (railroad-owned or privately-owned) is readily available.

Midwest Paper Division of Hammermill Paper Co., Paseo Industrial District, North Kansas City, Missouri.



Proposed new building ▶ for Nebraska Boiler Co., Lincoln, Nebraska.

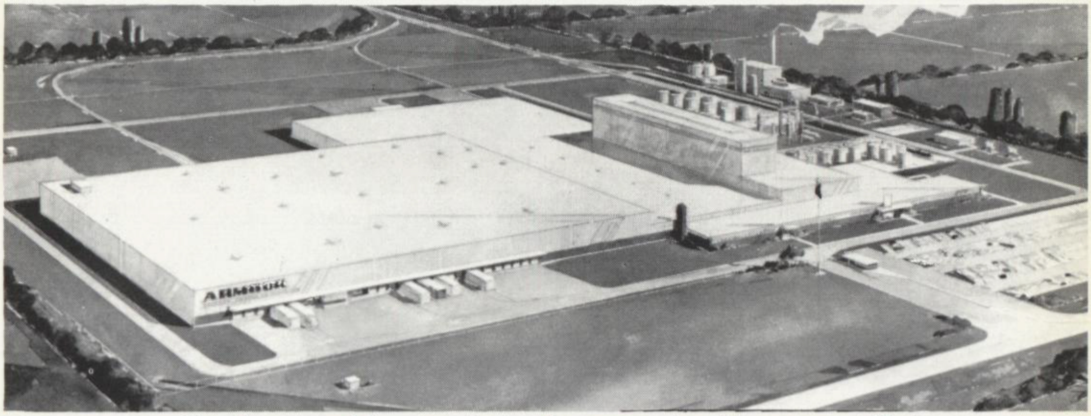


New National Bellas Hess 258,000 sq. ft. warehouse,

COLORADO BEVERAGE COMPANY, INC.

New Colorado Beverage Company distribution warehouse, at Denver, Colorado.

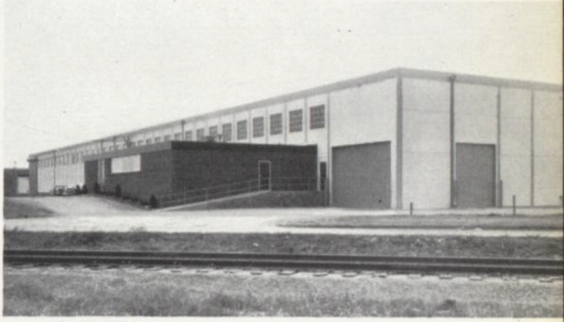
City of Rochelle's new coal-steam generating plant, Rochelle, Illinois. ▶



New Armour and Co. soap plant under construction, Montgomery, Illinois.

Budweiser
King of Beers

Fred Nesbit Distributing Co's. warehouse, Des Moines, Iowa.



Hubbell Metal Co's. new warehouse and steel fabricating plant, No. Kansas City, Mo.

NATIONAL BELLAS HESS

Paseo Industrial District, North Kansas City, Missouri

PASSENGER TRAFFIC

Burlington's passenger revenues in 1962 were the highest since 1946 and for the tenth consecutive year its share of the western rail passenger market increased, accounting for 10.43 per cent of all the railroad passenger revenues in the Western District.

Passenger revenue in 1962 was $22,043,503, an increase of $832,288 or 3.92 per cent over 1961. Eliminating suburban revenue (multiple-ride tickets, one-way and round-trip tickets, and cash fares in Chicago-Aurora suburban territory), the increase was $472,931 or 2.78 per cent. Revenue from suburban fares for 1962 was $4,574,844, an increase over 1961 of $359,357 or 8.52 per cent, resulting primarily from an increase in multiple-ride commutation fares. Increase in overall passenger traffic was due in part to the Seattle World's Fair and the "creative traffic" program followed for many years.

Passenger traffic in 1962 was handled with a decrease of 102,259 passenger train miles or 1.19 per cent compared with 1961. Total passenger car miles decreased 1.47 per cent.

All revenue passengers carried in 1962 increased 0.85 per cent over 1961 while corresponding passenger miles decreased 0.16 per cent. Excluding suburban traffic, the number of revenue passengers carried in 1962 decreased 0.38 per cent compared with 1961 while corresponding passenger miles decreased 0.66 per cent.

Average revenue per passenger mile was 2.581 cents in 1962 compared with 2.480 cents in 1961.

VISTA-DOME DENVER ZEPHYR AND SLUMBERCOACH

The total number of through passengers carried between Chicago and Denver on the Vista-Dome Denver Zephyrs during 1962 was 120,941, an increase of 2,827 over 1961, or 2.39 per cent. The total number of revenue passengers carried on the Vista-Dome Denver Zephyrs between all points Chicago-Denver was 246,859, a decrease of 6,874, or 2.71 per cent. Slumbercoach passengers carried on the Vista-Dome Denver Zephyrs during 1962 totaled 34,337, with an average occupancy of 82 per cent per car trip.

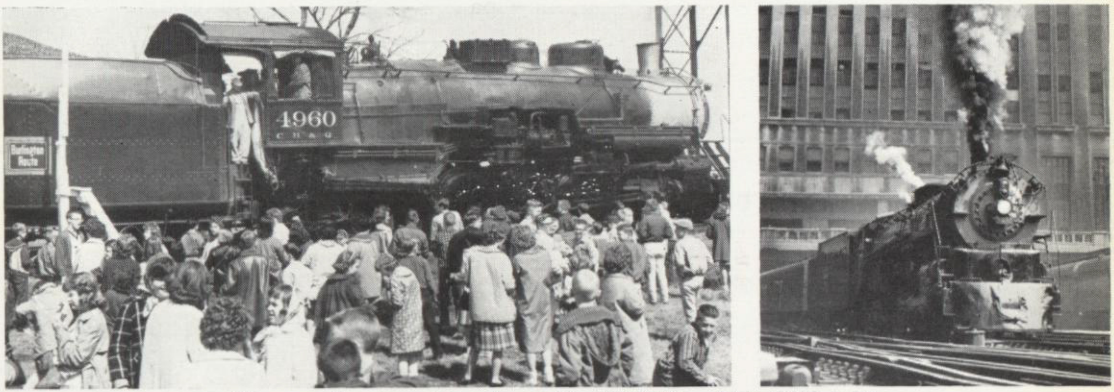
PASSENGER FARES

Effective March 1, 1962, Chicago-Aurora suburban fares (except minimum fares) were increased 8.0 per cent.

There were no other general increases in passenger fares and charges during 1962. The ten per cent Federal tax on the transportation of persons by rail was repealed effective November 16, 1962, thus reducing the cost of passenger transportation to our patrons.

EDUCATIONAL STEAM EXCURSIONS FOR YOUNGSTERS

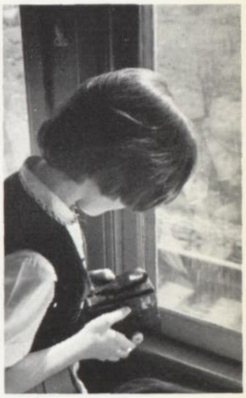
For several years Burlington has operated Iron Horse excursions for railroad fans and educational tours for high school and advanced grades in grammar school. Now for the first time steam excursions for primary grades were also arranged. President Murphy invited school authorities to have their youngsters ride behind a Steam Engine. 35,198 children in primary grades took these trips. In addition, 57,292 senior students rode other educational tours.



Here are the stars of the show—No. 4960 left and No. 5632 right.

Each youngster carried a ticket, received a souvenir coupon stub.

Burlington President Harry C. Murphy rode the first train and was besieged by autograph seekers.



Many cameras were in evidence to photograph the trip.

Souvenir balloons added a festive air.

Enthusiastic youngsters ▶ taking their first train trip.

President Murphy and the youngsters give the Engine final inspection.

CREATIVE TRAFFIC

During 1962, a series of special one-day and week-end all-expense tours were offered, including student educational tours, off-season spring, fall and winter Colorado tours, Mississippi River excursions, rail fan steam excursions, special primary grade "Choo Choo" trips (see photos previous page), baseball, football, and many other special tours. These were all designed to give the Railroad an opportunity to demonstrate its service to many new patrons including those of the younger generation.

MAIL

Revenue for transporting mail for the Post Office Department in 1962 was $13,562,010, an increase of $56,490 or 0.42 per cent compared with 1961.

EXPRESS

Express revenue for 1962 was $3,566,575, a decrease of $261,284 or 6.83 per cent compared with 1961, the decrease resulting from lesser space authorized.

UNPROFITABLE PASSENGER TRAIN SERVICE

The following trains were discontinued or merged during the year 1962, with estimated total annual savings of 307,904 train miles:

Trains 355 and 356 between Brookfield and St. Joseph, Missouri, discontinued January 28, 1962, with annual saving of 74,360 train miles.

Trains 15-42 and 41-16 between Lincoln, Nebraska, and St. Joseph, Missouri, discontinued February 25, 1962, with annual saving of 115,184 train miles.

Trains 11-35 and 12-36 merged between Chicago and Galesburg, Illinois, effective October 28, 1962, with annual savings of 118,260 train miles.

Applications for discontinuance of trains 15 and 2 between Chicago and Galesburg, Illinois, and two pairs of Monday through Friday suburban trains between Chicago and Aurora, Illinois, are pending before state commission. Application to discontinue trains 1 and 44 between St. Louis, Missouri, and Quincy (West Station), Illinois, was granted March 14, 1963, and trains were removed April 28, 1963. Other lightly-patronized trains are under active study for possible discontinuance.

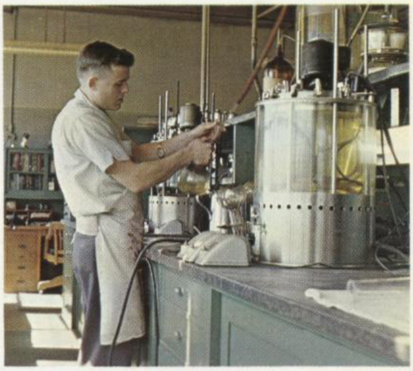
STEAM ENGINES PLACED ON EXHIBITION

Burlington donated steam locomotives in 1962 for exhibition purposes at St. Joseph, Missouri (see page 25), Sheridan and Douglas (State Fair Grounds), Wyoming, and Alliance, Nebraska.

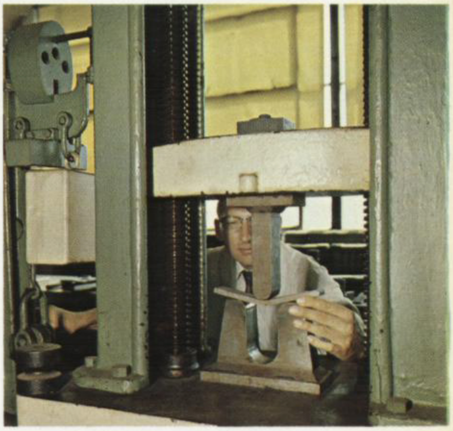
Building a Better Burlington

at the Aurora Testing Laboratories

Four chemists and three technicians work in a well-equipped modern laboratory in the Aurora Store. This chemist is making an analysis of the brass used in freight car journal bearings.

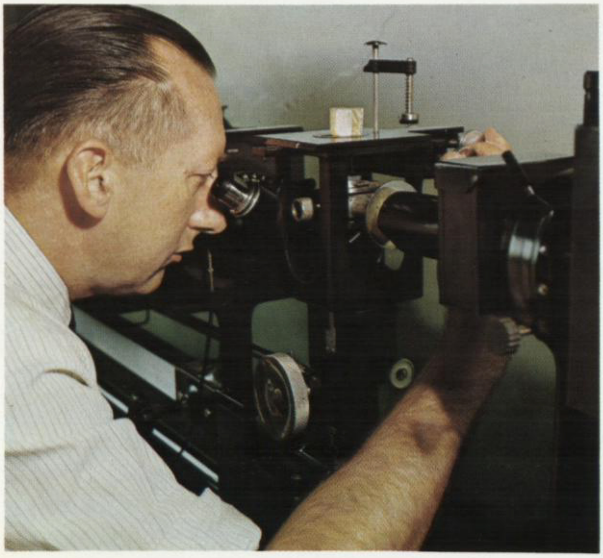


Here a technician is examining a Viscometer which is used to test the viscosity of oil.



Welds are tested in this device by making a 180° bend at the weld.

This metallurgist, using a Photo-Micrograph, is looking at a polished steel sample under high magnification to test quality.



This chemist is reading a chart on a Gas-Chromatograph which separates liquids or gas samples for quantitative and qualitative analysis.

OPERATIONS

Total operating expenses increased $5,996,280 or 2.97 per cent over last year, with an increase of $9,273,726 or 3.65 per cent in total operating revenues.

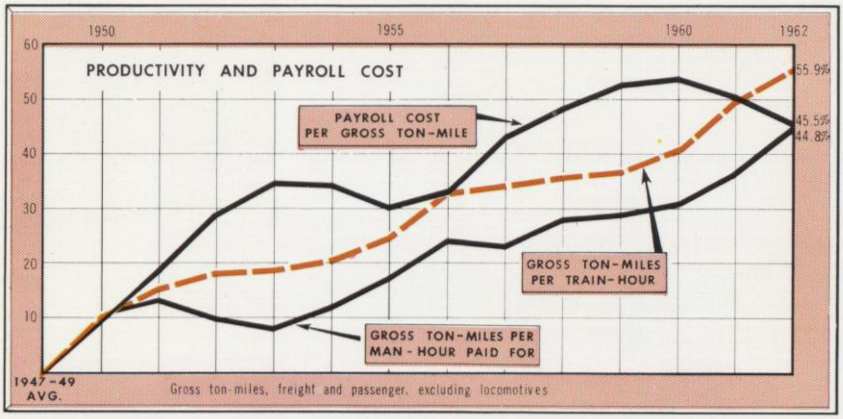
Maintenance of Way and Structures expenses, excluding depreciation and retirements, increased $1,150,507 or 3.92 per cent. Some of the important maintenance work performed during the year was:

282,730 new creosoted cross ties placed in track.
464,624 cubic yards of ballast applied.
49.01 miles of track relaid with 136-pound continuous welded rail.
40.09 miles of track relaid with second hand rail.

Maintenance of Equipment expenses, excluding depreciation and retirements, increased $3,152,668 or 9.93 per cent.

Transportation expenses increased $1,481,410 or 1.46 per cent. Freight train miles decreased 32,432 or 0.27 per cent. Passenger train miles decreased 102,259 or 1.19 per cent.

The Operating ratio was 78.92 compared with 79.44 in 1961. The Transportation ratio was 39.07 compared with 39.92 in 1961. The Maintenance of Way and Structures ratio was 13.57 compared with 13.85 in 1961 and the Maintenance of Equipment ratio was 18.47 compared with 17.67 in 1961.



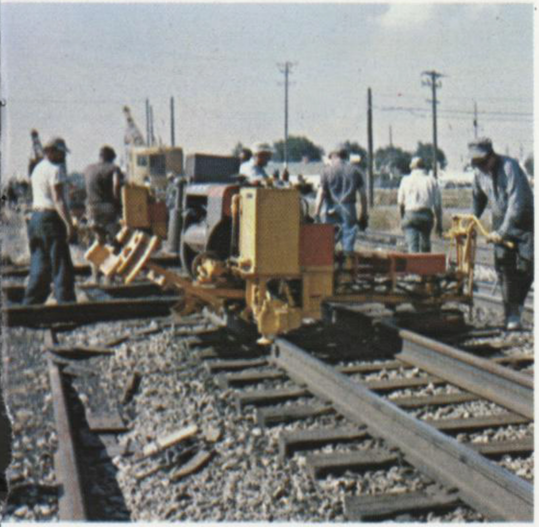
Capital Expenditures in 1962:

	Gross	Retirements	Net
Road	$ 3,152,462	$ 3,580,950	Cr. $ 428,488
Equipment	15,973,121	8,261,776	7,711,345
General	Cr. 6	173,513	Cr. 173,519
Other elements of investment		Dr. 85,117	85,117
Total	$19,125,577	$11,931,122	$ 7,194,455

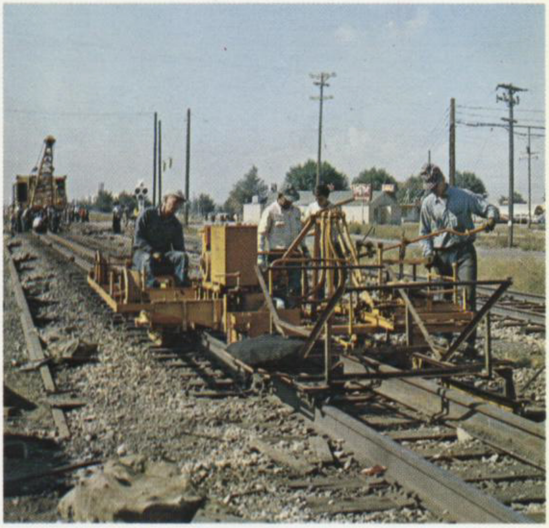
Building a Better Burlington

On the main line near Denver

Laying 136-pound continuous welded rail on Burlington's main line Chicago-Denver. Additional 49 miles is planned in 1963.



Adzing machine surfaces ties for the tie plates. This is done uniformly—all level and on the same plane.

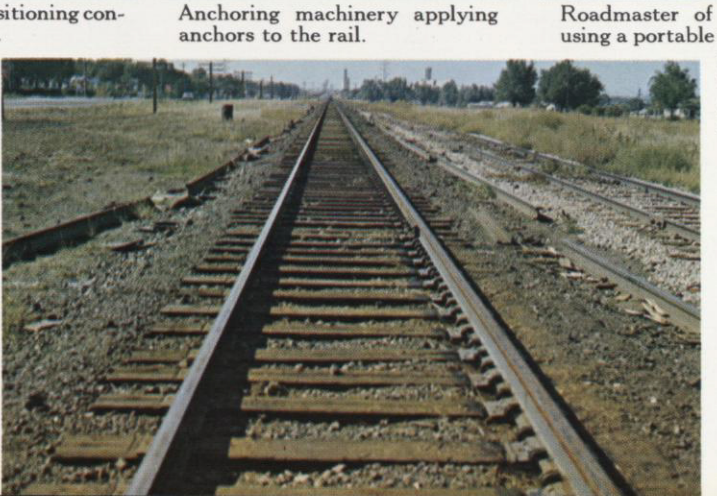


Gaging machine places tie plate to exact position so that rail is placed to proper gage.

Crane lifting and positioning continuous welded rail.

Anchoring machinery applying anchors to the rail.

Roadmaster of the steel gang using a portable radio to communicate with his foreman three-quarters of a mile away.



Finished continuous welded rail in place ready for high speed freight and passenger service.

IMPROVEMENTS

ROAD

Major Improvements Completed During the Year:

Installed new draw rest protection on Bridge 204.66 over Mississippi River at Burlington, Iowa, to provide more adequate pier protection, made necessary by the increased size of barges operating on the river.

Expanded truck dock facilities at the west end of Freight House No. 9, Chicago, Illinois, to provide 80 additional truck spots to handle increase in traffic.

Constructed trackage to serve Delta Coal Corporation mine at Vermont, Illinois, to provide access to a substantial amount of new traffic.

Purchased industrial lead tracks and underlying right-of-way at Aurora, Illinois, from Chicago, Aurora & Elgin Railway Co., to continue rail service to established industries having a potential growth in freight traffic.

Constructed one-spot car repair facility at Cicero, Illinois, to improve efficiency in making freight car repairs.

Extended streets and utilities in industrial property at North Kansas City, Missouri, and Montgomery, Illinois, to serve traffic-producing industries acquiring land for construction of industrial facilities.

Relocated 1.9 miles of main track at Fall Creek, Illinois, in connection with flood control project, to eliminate several causes of constant water damage and reduce track and bridge maintenance, as well as to provide better drainage in the area.

Major Improvements Under Construction:

One-spot freight car repair centers at Galesburg and East St. Louis, Illinois, will improve efficiency.

Rearrangement and consolidation of engine terminal facilities at Galesburg, Illinois.

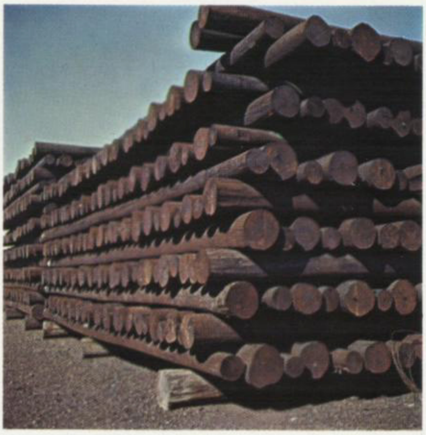
Remodeling and rearrangement of office facilities in Freight House at St. Louis, Missouri, will eliminate rental paid for lease of space in other buildings.

Installation of new draw rest protection on Bridge 117.35 at Beardstown, Illinois, will replace down stream section of draw rest damaged repeatedly by tow boats.

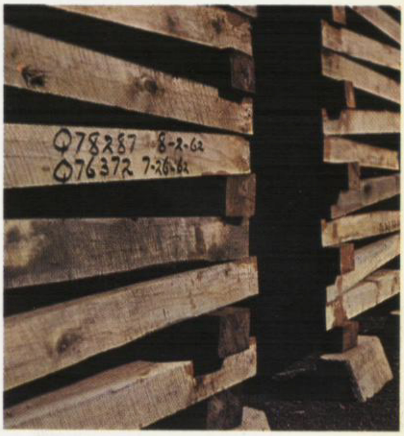
Building a Better Burlington

Galesburg Tie Plant

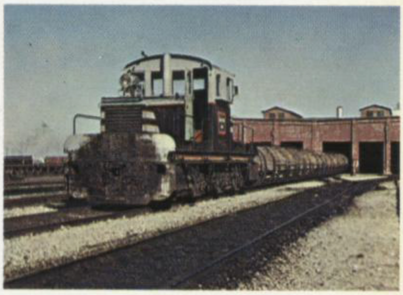
35,000,000 ties are in place on the railroad. During the last 10 years 5,000,000 new ties were installed. Only red and white oak wood is used.



Not only ties but poles, bridge timbers and other wood products are chemically treated at Galesburg.



These ties are seasoned for a minimum of 12 months. The markings above show the car number and date received.



Green ties loaded on trains being removed from storage into retorts for treatment.

Ties removed from retort and now ready for shipment.

Major Improvements Under Construction: (Continued)

Ogden-Cicero Interchange Project at Cicero, Illinois, in conjunction with Illinois State Highway Department will widen six-track bridge structure, provide additional underpass, and new passenger station.

Remodeling existing Burlington mail terminal facilities and installing conveyors and other improvements in U.S. Post Office Terminal Building at Omaha, Nebraska, will make railroad mail handling facilities compatible with mechanical system at new Post Office and retain our competitive advantage in handling the U.S. Mails at Omaha.

Three-stall diesel maintenance shop and engine servicing facilities at Lincoln, Nebraska, will improve utilization of motive power.

SIGNALING

Major Items Completed During 1962:

Installation of reverse current signaling on Track 3, Downers Grove to Eola and centralized traffic control on Tracks 1, 2, and 3, Downers Grove to Eola, Illinois, to allow trains to move on all tracks, irrespective of direction, thus speeding up traffic during rush hour movements.

Installation of remote control of crossovers and switch at Illinois Central tower, Mendota, Illinois.

Installation of dragging equipment detectors and signals at Missouri River Bridge, West Alton, Missouri, and Mississippi River Bridge, Alton, Illinois.

Replacement of mechanical interlocking with automatic interlocking at Sorento, Illinois.

Conversion of mechanical interlocking to remote control interlocking and installation of spring switch at Girard, Illinois.

Installation of remote control electric lock on Chicago & North Western junction switch at Seward, Nebraska.

Installation of new highway grade crossing protection at ten crossings and modernization of nine existing installations.

Major Items Under Construction:

Extension of centralized traffic control to the east end of West Eola, Illinois.

Conversion of mechanical interlocking at Crawford, Wisconsin, to remote control and extension of centralized traffic control from Ports to Prairie du Chien, Wisconsin.

Major Items Under Construction (Continued)

Installation of remote control of Galena Junction interlocking from Aurora, Illinois.

Installation of hot box detectors at Milepost 142 west of Galva, Illinois.

Relocation of centralized traffic control machine from Red Oak to Pacific Junction, Iowa.

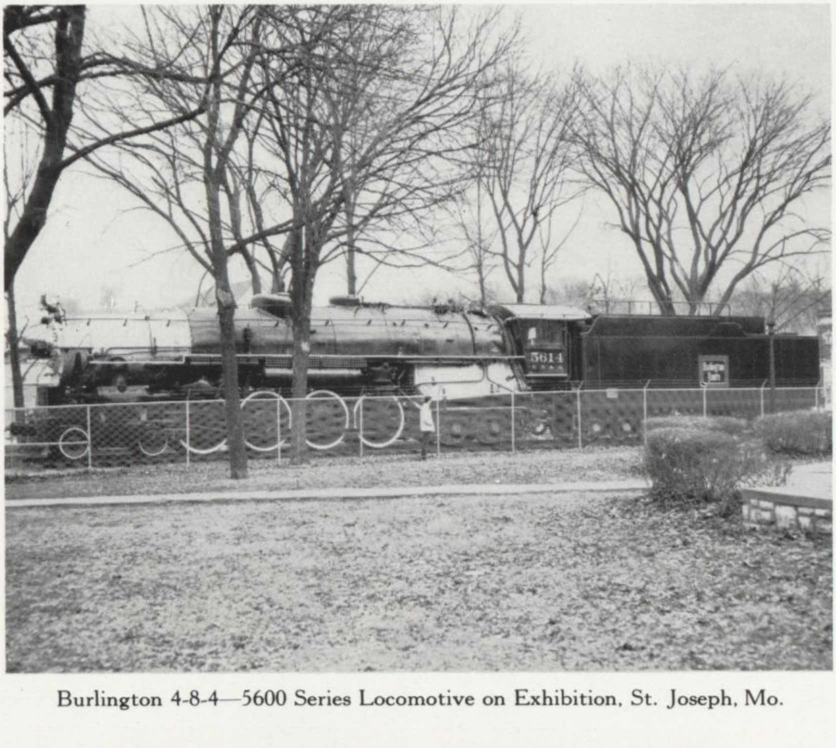
Replacement of mechanical interlocking with automatic interlocking, Litchfield (Winston), Illinois.

Replacement of mechanical interlocking with remote control at Fremont, Nebraska.

COMMUNICATIONS

Four additional voice channels were placed in service between Chicago and St. Paul.

Radios were installed on 30 freight and 26 passenger locomotives.



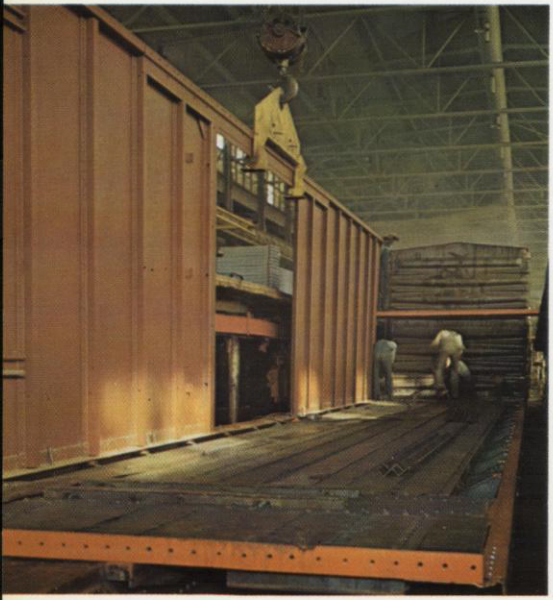
Burlington 4-8-4—5600 Series Locomotive on Exhibition, St. Joseph, Mo.

Building a Better Burlington

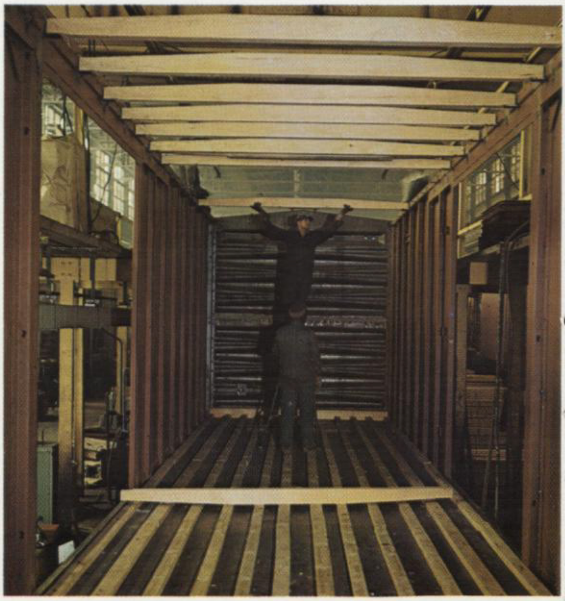
During 1962, Burlington invested $19,100,000 in facilities and equipment. More than 900 specially-equipped freight cars, all with roller bearings, were built. The 1963 program calls for 1,175 roller-bearing equipped freight cars, 12 GP30 turbo-charged diesels for high-speed freight service and 50 all-steel cabooses with two-way radio and ride control trucks.

Here on these pages are shown the building of the new insulated box cars. The insulation is polyurethane foam—a new moisture-proof, fire-resistant, infestation-proof material of very high insulating efficiency.

◀ Here is the beginning of a cushion underframe insulated box car—a sturdy foundation with steel riveted or welded into place.



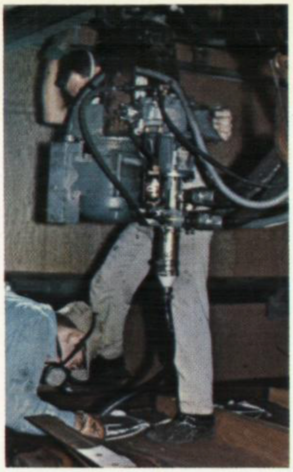
The sides of the cars are lowered into position to be attached to the frame.

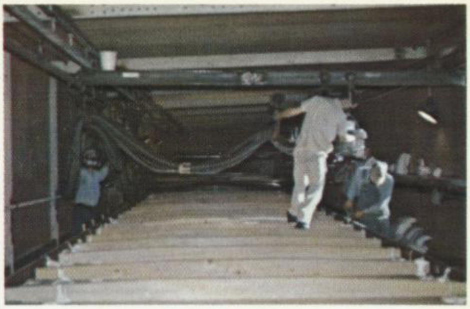


Sturdy oak supports are placed for the ceiling.

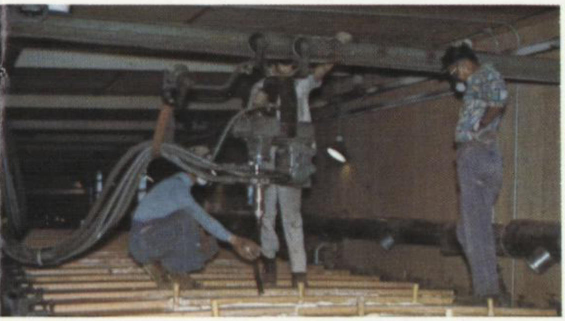
Havelock Shops— Lincoln, Nebraska

Beginning of the foam-in-place insulating process—an urethane compound and toluene di-isocyanate which combines with fluorcarbons and other chemicals to make the rigid plastic foam. ▶

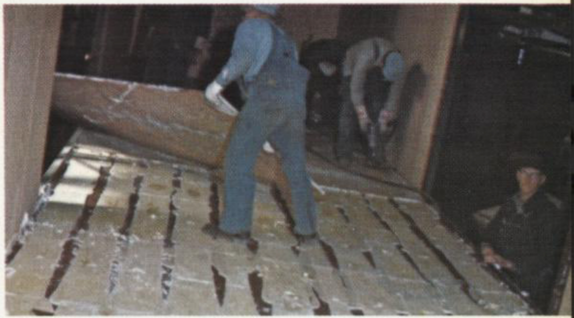




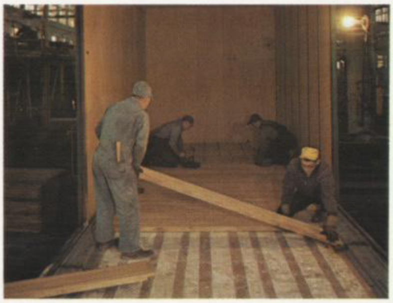
▲ The foam insulating material is then "hosed" into the side walls, floors, end walls and roof of a car to fill every inch of space even to the corner posts.



The "foam house" holds four 50-foot cars and has a special heating and ventilation system designed and built by Burlington personnel.



Trimming foam before installing flooring. Every cubic inch of insulation contains 9,000 tiny cells filled with fireproof freon.

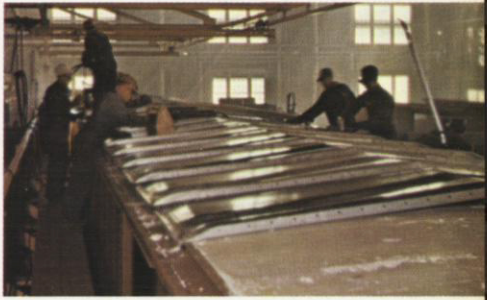


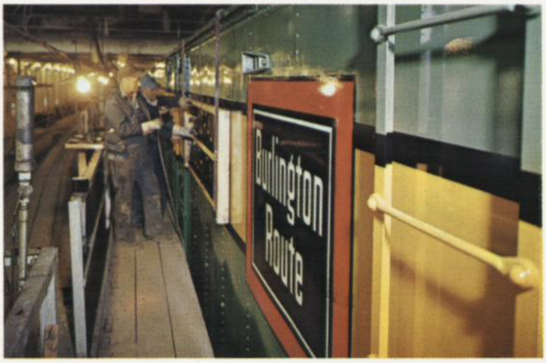
◀

Here you can see the polyurethane foam insulation in place and the workmen are putting in the oak floor.

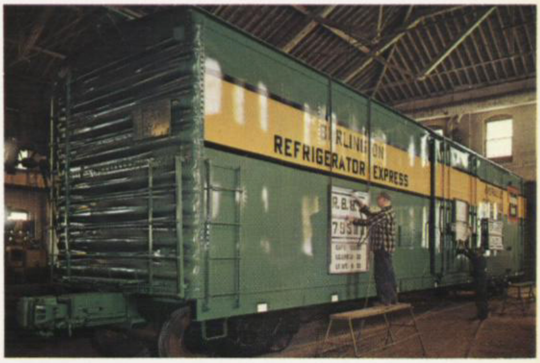
▶

Then the ends and the roof are put into place, finishing the shell. Note the insulation.





The Scotch-Lite Burlington trademark is welded to the car.



And the final step—the painter stencils the car number in place.

EQUIPMENT PLACED IN SERVICE

Built in Company Shops:

300—40′6″ 50-ton all steel roller bearing box cars—plug door 14′ opening.
50—53′6″ 70-ton all steel roller bearing bulkhead flat cars.
100—60′0″ 50-ton all steel roller bearing flat cars.
100—65′6″ 70-ton all steel roller bearing mill type gondola cars.
50—52′6″ 70-ton all steel roller bearing bulkhead removable roof gondola cars.
50—40′6″ 50-ton all steel roller bearing "DF" box cars.
100—50′6″ 50-ton steel underframe-steel frame roller bearing double deck stock cars.

Purchased New:

30—2250 h.p. GP-30 Diesel-electric road units.
40—29′6″ 70-ton roller bearing airslide covered hopper cars.
25—50′6″ 70-ton all steel roller bearing "DF" insulated box cars.
12—TTX bi-level superstructures.
34—TTX tri-level superstructures.
100—40′ refrigerator containers.
91—detachable tandem wheel assemblies for containers.

EQUIPMENT ON ORDER

To be Built in Company Shops in 1963:

100—50′6″ 70-ton all steel roller bearing mechanical refrigerator cars.
200—50′6″ 50-ton all steel roller bearing box cars.
250—50′6″ 70-ton all steel roller bearing "DF" insulated box cars.
300—50′6″ 70-ton all steel roller bearing 15′ door opening box cars.
300—50′6″ 70-ton all steel roller bearing plug door 14′ opening box cars.
25—40′6″ 50-ton all steel roller bearing "DF" box cars.

To be Purchased in 1963:

12—2250 h.p. GP-30 Diesel-electric road units.
200—100-ton 4000 cu. ft. roller bearing covered hopper cars.
200—100-ton all steel roller bearing open top hopper cars.
11—TTX bi-level superstructures.
3—TTX tri-level superstructures.

HAVELOCK SHOPS (See previous page)

The first production line in the industry for foam-insulating rail cars was placed in operation in early December, 1962. Sides, ends, floors, and roofs are filled with polyurethane foam, which provides an air-tight, water-tight insulation far more efficient than other types used previously. It is expected to substantially lengthen car life. Burlington pioneered this new type of insulation beginning in 1958. First cars to be insulated were RB box cars, containing load dividers and floors lower than in any other insulated car. The latter feature facilitates loading.

LABOR

Agreements were made nationally with all non-operating crafts holding representation on this railroad (except Railroad Yardmasters of America) disposing of 1961 requests pursuant to Presidential Emergency Board recommendations. Agreements provided for a wage increase of 4 cents per hour effective February 1, 1962. An additional increase of 6.28 cents per hour became effective May 1, 1962, except for dispatchers and mechanical department foremen who received 2½ per cent.

On May 21, 1962, the Brotherhood of Railroad Trainmen served notice on the nation's railroads for an increase of 25 cents per hour for road train and yard service employes and dining car stewards, plus health, welfare and life insurance benefits, with a reduction in the basic work month for stewards. Although the organization is trying to progress the notices on certain railroads individually, it is probable the notices will be handled on a nationally concerted basis.

On October 15, 1962, the shop craft organizations served notice of desire to negotiate an agreement to extend Washington Job Protection Agreement of 1936 to cover employes affected by changes brought about by mergers or consolidations of facilities on a single railroad; prohibit contracting work; discontinue trading old equipment for rebuilt equipment; preserve work of any craft to members of that craft; and specify what work will be assigned to members of the Brotherhood of Railway Carmen. It is expected this dispute will be handled on a nationally concerted basis.

On February 28, 1962, the fifteen-member Presidential Railroad Commission issued its report in the work and compensation rules disputes with operating crafts growing out of carriers' notices served on November 2, 1959.

The principal recommendations of the Commission's report are:

1. Compulsory retirement on a sliding scale starting at age 70, lowered to 65 in five years.
2. Gradual elimination of firemen on diesel locomotives in freight and yard service.
3. Elimination of train and engine employes from service with self-propelled maintenance of way equipment and changes in crew consist in all classes of service.
4. Recognition of managements' right to make technological changes in operations with severance pay and re-training provisions for displaced workers.

LABOR (continued)

5. Modernization of pay and hours rules, plus fringe benefits.
6. Revision of crew change requirements at division terminals adapted to modern high-speed operation.
7. Relaxation of restrictions on road crews switching in yards.

The carriers accepted the recommendations of the Commission but the organizations rejected them.

On July 17, 1962, the carriers proceeded to make effective the Commission's recommendations. Organizations went to court and succeeded in securing a temporary injunction, although the U.S. District Court held that the carriers could lawfully proceed to make effective the proposed rules. On November 28, 1962, the U.S. Appeals Court in Chicago upheld the District Court decision. The organizations then sought a stay of the mandate dissolving the temporary injunction while they filed a petition for certiorari with the U.S. Supreme Court. On March 4, 1963, the U.S. Supreme Court upheld the decision of the lower court.

The temporary injunction against the railroads was lifted by the Courts on April 2, 1963 which freed the railroads to proceed to put into effect their proposed rules and permitted the unions to strike. On the basis of an emergency existing in the railroad industry, on April 3, 1963 President Kennedy signed an Executive Order creating a three-man Presidential Board under Section 10 of the Railway Labor Act to investigate this dispute. Under the Act the Board has 30 days to make its report, and neither party to the dispute may make any change except by agreement for a period of 30 days after the emergency board's report.

LINE ABANDONMENTS

During the year, the Interstate Commerce Commission authorized abandonment of the following lines:

Cameron Junction to Kearney, Missouri	26.98 miles
Garden Plain to Fulton, Illinois	5.30 "
Total	32.28 "

Various branch lines are under active study for possible abandonment proceedings in 1963.

GENERAL

DEBT

During 1962 capital liabilities of the Company decreased $4,584,418.

	Increase	Decrease	Net
Funded Debt	$ —	$ 2,881,000	$2,881,000 Decrease
Equipment Obligations	10,903,551	12,606,969	1,703,418 Decrease
Total	$10,903,551	$15,487,969	$4,584,418 Decrease

DIVIDENDS

Dividends totaling $7.50 per share were paid in 1962, the ONE HUNDREDTH AND FIRST CONSECUTIVE YEAR in which the Company has paid a dividend.

TAXES

Taxes in 1962 decreased $3,126,562 compared with 1961:

	1962	
Federal Income Taxes	$ 3,587,646	$1,938,999 Decrease
Federal Railroad Retirement Taxes	7,248,265	393,647 Increase
Federal Unemployment Taxes	4,000,654	191,080 Increase
State and Miscellaneous Taxes	10,197,643	1,541,541 Decrease
Income Account (Page 41)	$25,034,208	$2,895,813 Decrease
Less Federal Income Taxes credited to Retained Income	1,001,167	230,749 Increase
Net Taxes	$24,033,041	$3,126,562 Decrease

Federal income tax accruals have been reduced by an **Investment Credit** of $1,234,061 as provided in the Revenue Act of 1962. Because of limitations in the law, the full amount of eligible credit will not be used in 1962 but the unused portion will be available for application against income tax liability in a subsequent year.

Burlington has continued its efforts to obtain relief from unjust and discriminatory state taxation. As the result of successful litigation in Illinois, the Company recovered during 1962 the sum of $1,501,254 in refunds covering discriminatory ad valorem taxes assessed during the tax years 1958-1961, inclusive.

Net taxes in 1962 amounted to 9.12 per cent of total operating revenues, equivalent to $14.07 per share of capital stock.

Amortization and Accelerated Depreciation

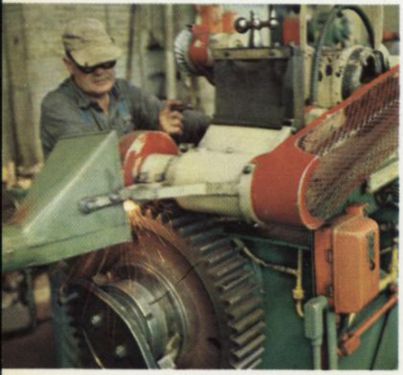
Beginning in 1950, the Company amortized, for tax purposes, over a sixty-month period the portion of the cost of facilities certified by the Office of Defense Mobilization as necessary to national defense, while recording in the income account, for the same property, straight-line depreciation in accordance with accounting regulations of the Interstate Commerce Commission.

Building a Better Burlington

Diesel repair shops where heavy repairs are made on the complete locomotive, the diesel engines, electric motors, and other components of the locomotives.

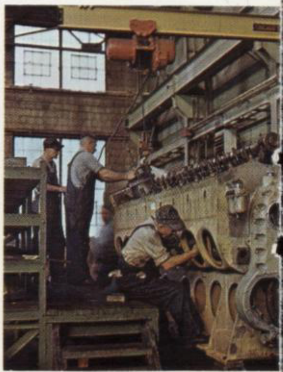
This electrician is rewiring the field coil of a main generator; which will be completely insulated with latest type of materials and returned to service in a like new condition.

This passenger locomotive is being overhauled. Freight and passenger locomotives average 5 to 10 days in the shop.



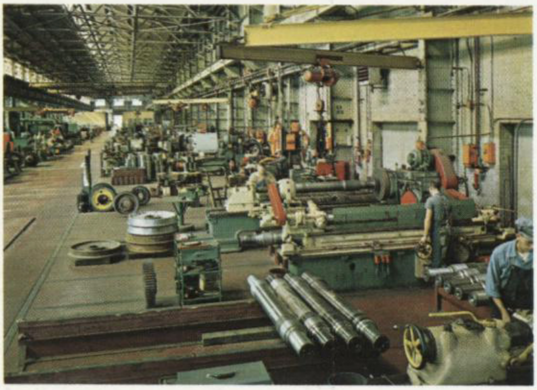
Locomotive gear teeth are reground to original contour to insure trouble-free performance, and to greatly enhance the service life of the gears and associated machinery.

This semi-automatic machine handles an important phase of electric motor repairs by efficiently undercutting the mica insulation of electric motor armatures.

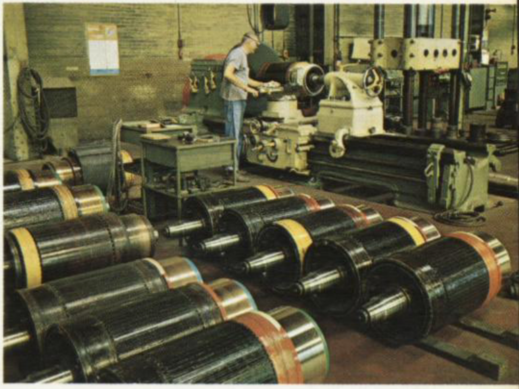


On major repairs the die
are completely dismantl
part inspected, or repl
tuned-up.

Burlington Shops, West Burlington, Iowa



Wheel and axle renewal department—where they are turned in special lathes for this purpose.



Completely reconditioned armatures in the foreground ready for their next assignment.

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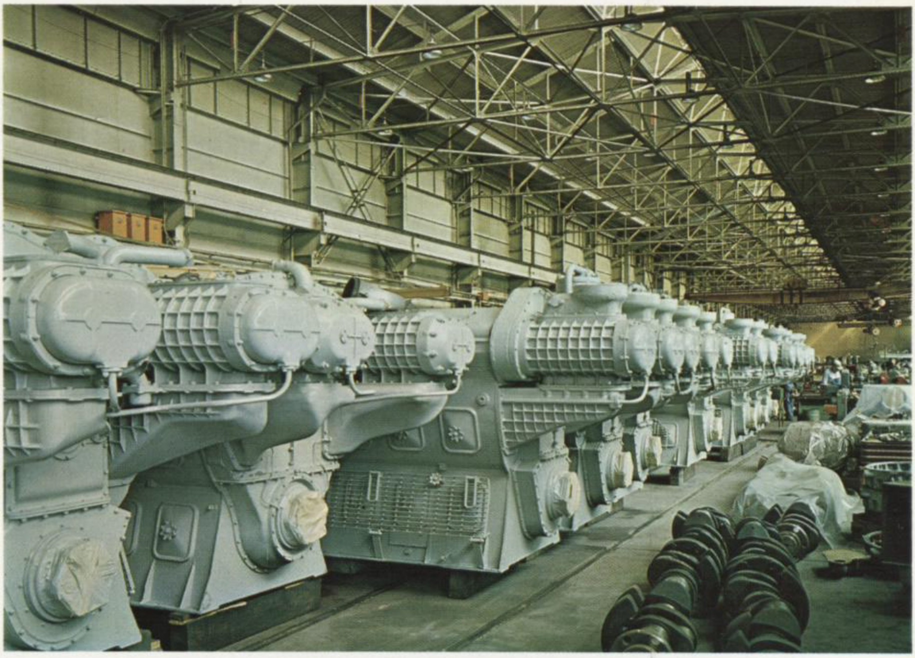


Here is a line of refurbished diesel engines of the different types required in various locomotives. All have been reconditioned and repaired and are ready for many additional years of service.

Amortization and Accelerated Depreciation (Cont'd.)

This had the effect of decreasing income tax liability and increasing net income during the amortization period. The effect is reversed during the life of the property following the amortization period and current and future income tax liability will be increased and net income decreased by approximately offsetting amounts.

For the period 1950-1961, the total effect of this method of handling was an increase in net income of $35,868,174 or $21.00 per share. Beginning in 1962 the effect is reversed and current income tax liability has been increased and net income decreased by $1,017,475 or $.60 per share. The approximate effect has been as follows:

	1962	1961	Net Effect Since January 1, 1950
Reduction in current income taxes and increase in net income	($1,017,475)	$244,346	$34,850,699
Effect per share of stock	($ .60)	$ .14	$20.40

Since January 1, 1954, the Internal Revenue Code has permitted use of accelerated methods of depreciation on newly-acquired property, while the accounting regulations of the Interstate Commerce Commission require lesser amounts of depreciation, based on the straight-line method, to be recorded in the income account. The shorter guideline lives established by Revenue Procedure 62-21 effective in 1962 further increased the amount of depreciation allowable for tax purposes. The Company elected to take full advantage of the tax savings resulting from increased tax depreciation and tax liability has been decreased and net income increased approximately as follows:

	1962	1961	Total Since January 1, 1954
Reduction in current income taxes and increase in net income	$8,133,207	$2,917,362	$17,350,761
Effect per share of stock	$ 4.76	$ 1.71	$ 10.16

North Loading Dock of Freight House Eight, Berwyn, Ill., where LCL shipments are handled efficiently between rail cars and trucks.

EMPLOYE BENEFITS

During 1962, $12,082,626 was paid to or for the benefit of employes and their families.

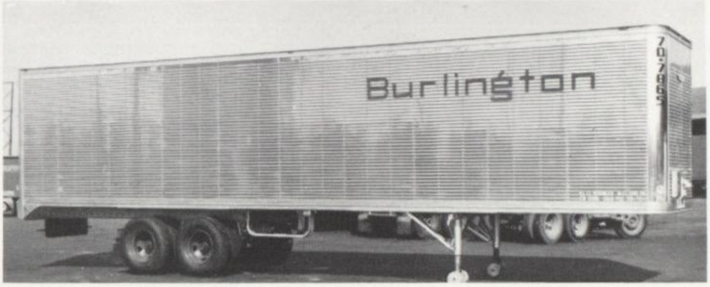
The Burlington Relief Department paid to employes and their beneficiaries for disability or death claims $833,707, an increase of $44,559 or 5.65 per cent over 1961.

The Railroad paid Federal taxes of $7,248,265 for retirement and survivor benefits under the Railroad Retirement Act of 1937. Similar taxes in 1961 were $6,854,618, an increase in 1962 of $393,647 or 5.74 per cent due to increase in the tax rate from 6.75 per cent in 1961 to 7.25 per cent effective January 1, 1962.

The Railroad also paid Federal taxes of $4,000,654 for unemployment, sickness, and maternity benefits under the Railroad Unemployment Insurance Act. Payments in 1961 were $3,809,574, an increase in 1962 of $191,080 or 5.02 per cent.

BURLINGTON TRUCK LINES, INC.

Burlington Truck Lines, Inc., a wholly-owned subsidiary, operates more than 10,000 route miles in an eight-state area providing scheduled highway service for the less-truck-load and truck-load shipper, including interline service with other common motor carriers. Burlington Truck Lines also handles rail-billed less-than-carload traffic in substitute highway service for the CB&Q, performs pick-up and delivery service for less than carload shipments on behalf of the parent railroad in 53 cities, and similar service for TOFC loads at 40 of 44 ramp locations. Under Plan I, 10,145 truck-billed loads were moved in TOFC service, during 1962.



New 40-foot Burlington Truck Line insulated van

BURLINGTON TRUCK LINES, INC. (Continued)

The highlights of Burlington Truck Lines' operations in 1962 compared with 1961 are as follows:

	1962	1961	Increase (Decrease)
Total Operating Revenues	$16,686,122	$16,493,340	$ 192,782
Total Operating Expenses (including I.C.C. Depreciation, Licenses, and Taxes other than Income Taxes)	$17,065,106	$15,988,436	$1,076,670
Depreciation Adjustment (See Note 1)	$ 332,305	—	$ 332,305
Delayed Income Charges (See Note 2)	$ 173,123	—	$ 173,123
Income Taxes	$ 31,618	$ 441,784	($ 410,166)
Net Income	($ 994,258)	($ 57,360)	($ 936,898)
Miles Operated—Intercity	16,101,622	15,682,028	419,594
Miles Operated—Pick-up and Delivery	3,235,948	3,248,668	(12,770)
Tons per Intercity Highway Mile Operated	9.21	8.45	.76
Revenue per Ton-Mile	$ .0721	$ .0737	($ .0016)

Note 1—Depreciation adjustment on equipment disposed of during 1962.

Note 2—Accruals for Vacation Pay under I.C.C. Accounting Regulations.

Revenue from truck-billed traffic increased $752,262 or 5.9 per cent over 1961. Rail-billed less-than-carload traffic continued to decrease, and that, with experimental reductions in BTL ton-mile charges for handling rail LCL traffic in substitute service, caused revenue from that traffic to decrease $723,769 or 29.9 per cent compared with 1961. These ton-mile charges are being reviewed in light of 1962 results.

Severe weather conditions prevailing over the entire Truck Lines territory in the first quarter 1962 resulted in substantial added costs in overall operations. Heavy snow, ice, blocked alleys, and slippery streets increased labor costs because of delays in scheduled highway and pick-up and delivery service, increased maintenance and fuel consumption of tractors, and caused extra handling of freezable shipments. These added costs increased operating expenses approximately $250,000.

To eliminate the heavy maintenance due to obsolescence and age, Truck Lines disposed of 550 old 35-foot trailers and acquired 450 new 40-foot dry van type trailers (100 of which are insulated), and 50 new 40-foot refrigerator type trailers. The increased cube of the new trailers maintained approximately the same cube capacity in the fleet with 50 fewer trailers. These trailers were all in service in the last two months of 1962 and average tons per intercity mile operated was 9.45 tons in December 1962 compared with 7.99 in December 1961, which increase will tend to improve earnings per trailer mile. Maintenance costs on these new trailers will be at the minimum in 1963.

BURLINGTON TRUCK LINES, INC. (Continued)

During the period 1955-1960, accelerated depreciation claimed for tax purposes was substantially in excess of straight-line depreciation recorded in the stated income account in accordance with regulations of the Interstate Commerce Commission. In 1961 and 1962 this situation was reversed and depreciation recorded in the stated income account was in excess of the amount allowable for tax purposes. For 1962 this excess was $480,917 and had the effect of increasing income taxes and decreasing net income. The Company took full advantage in 1962 of additional depreciation for tax purposes based on using the new guideline lives provided in Revenue Procedure 62-21. The benefits of the investment credit under the Revenue Act of 1962 also were claimed to the extent allowable, but because of limitations in the law, not all of the credit could be used in 1962 and will be available in subsequent years.

Various labor contracts with Teamsters and other crafts negotiated in 1961 were made on basis of upward adjustments over a period of three years in wages and health and welfare. These contracts had the effect of substantially increasing payroll and other fringe benefit costs in 1961 and 1962. The increases will be even greater in 1963.

Rate increases were sought and made wherever possible to overcome the higher cost of doing business but failed to meet the increase in wages and other benefits. Several applications for rate increases are now pending.

Application pending before the I.C.C. for permanent authority to acquire the H. B. Green Transportation Line was still pending at the close of the year, but I.C.C. decision rendered February 6, 1963 denies authority. Application before the I.C.C. to serve five communities in Southwestern Iowa, and to provide a short route between Kansas City, St. Joseph and Omaha, is still pending. Applications are pending in Colorado, Wyoming, and Nebraska to serve missile sites. Application is also pending before the Public Service Commission of Wyoming to provide intrastate service between Cheyenne on the one hand and Casper and points north on the other hand.

Applications to the I.C.C. to move fly ash in bulk and to the Montana State Railway Commission to move cement in bulk, along with general commodities, between Hardin, Montana, and the Yellowtail Dam site were denied. Authority sought to move products manufactured by Ceco Steel and Lemont Manufacturing Company at Lemont, Illinois, was denied. Application is pending to expand authority to transport liquid and dry sugar in bulk from Brookfield, Illinois, to points beyond 50 mile radius up to 150 miles.

BURLINGTON TRUCK LINES, INC. (Continued)

Certificates have been issued covering alternate route between Quincy and Kansas City, effecting saving of 14 route miles. Deviation route permitting use of East-West Toll Road has been approved. Certificates are being sought for alternate route between Chicago and Peoria, Illinois, reducing mileage 13 route miles. Applications for authority to use Chicago-Omaha and Lincoln-Denver segments of Interstate 80 have been approved when highway is opened for service, thus saving 17 route miles.

Five Fleet Safety Awards were received in State and National competition. Included were awards from the National Safety Council, American Trucking Association, and Trailmobile State Award.

Units of highway revenue freight equipment operated as of December 31, 1962, compared with 1961, were as follows:

	1962	**1961**
Trucks	137	145
Truck-Tractors	476	477
Semi-Trailers	2,292#	2,243*

#Includes 698 owned by CB&Q RR, of which 100 are refrigerator-container type with detachable tandem wheel assemblies.

*Includes 600 owned by CB&Q RR and 2 under lease.

MERGER

During the year, important progress was made in the proposed merger of Burlington, together with Great Northern and Northern Pacific, into a newly formed corporation, Great Northern Pacific & Burlington Lines, Inc. The basic proposal was described in Annual Reports for 1960 and 1961.

Hearings before Interstate Commerce Commission Examiner Robert H. Murphy, which commenced October 10, 1961, reached a total of 82 days by the time of the final hearing on July 10, 1962. Interested shippers and other witnesses presented their views at hearings in sixteen cities, including: Des Moines, Iowa; Omaha, Nebraska; Chicago, Illinois; St. Paul, Minnesota; Billings, Montana; and Minneapolis, Minnesota. Almost 400 shipper and public witnesses affirmatively supported the unification. They spoke for over 300 companies and businesses, and for a total of 66 shipper and traffic associations and 70 governmental bodies, chambers of commerce, and other organizations. Time limitations prevented testimony by many others with similar interests.

Briefs in the case were filed January 4, 1963. A comprehensive brief was filed on behalf of Burlington and the other applicants, stressing the important public interest benefits which will result from the merger, i.e., elimination of unnecessary expenses; faster and more dependable service; better car supply; more advantageous transit and routing privileges; increased capacity of the properties; better balance of traffic; and improved sales opportunities for shippers.

Briefs were also filed by a number of intervenors who opposed the merger or sought special conditions in the event the Commission approves the merger. Among those opposing the merger were the Minnesota, Montana, Washington, and Oregon Public Service Commissions, the United States Department of Justice, and the Railway Labor Executives Association. No railroad company filed a brief in opposition to the merger, although two railroads, the Milwaukee Road and the Chicago and Northwestern, have requested the Commission to impose far-reaching and burdensome conditions if unification is approved.

In due course a proposed report will be issued by Examiner Murphy, after which further briefs will be submitted, and the case argued orally before the Interstate Commerce Commission.

FEDERAL LEGISLATION

On April 5, 1962, President Kennedy sent to the Congress a Message on Transportation. If followed by appropriate legislation, this Message could prove to be of historic significance from a railroad viewpoint, because it recognizes and supports three vitally important principles, namely, (1) that all forms of transportation must be viewed as interlocking parts of a whole, (2) that each segment of transportation must have equal opportunity to compete with other segments, and (3) that transportation subsidies should be reduced or abolished, by establishment of user charges, so that true economic costs, both public and private, will be reflected in transportation charges assessed by all forms of transportation.

Adoption of these sound principles could create a renaissance in the railroad industry.

CHANGES IN ORGANIZATION

The following officers retired under the pension rules in 1962:

Mr. R. C. Smith, Comptroller, April 30, 1962, after 49 years of service.

Mr. C. J. Bonnevier, Engineer of Buildings, April 30, 1962, after 22 years of service.

Mr. A. D. McLane, Secretary and Assistant Treasurer, June 30, 1962, after 51 years of service.

Mr. A. C. Scott, General Attorney, July 31, 1962, after 34 years of service.

Appointments during the year:

Mr. W. N. Ernzen, Assistant Comptroller, was elected Comptroller, May 1, 1962.

Mr. W. K. Bush, Treasurer, was also elected Secretary, July 1, 1962.

Mr. L. N. Assell was elected Assistant Secretary and Assistant Treasurer, July 1, 1962.

Mr. I. C. Ethington, Assistant Vice President-Operation, September 16, 1962.

Mr. R. G. Johnson, General Manager, Chicago, Illinois, September 16, 1962.

Mr. J. E. Hamer, General Manager, Omaha, Nebraska, November 1, 1962.

* * *

The Company acknowledges, with sincere appreciation, the loyalty and efficient services of officers and employes.

By order of the Board of Directors.

H. C. MURPHY, President

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

(See Pages 52 to 54)

Percent of Ry. Oper. Revenue	1962	Railway Operating Revenues	1961	Percent of Ry. Oper. Revenue
81.02	$213,428,177	Freight	$205,020,997	80.67
8.37	22,043,503	Passenger	21,211,215	8.35
5.15	13,562,010	Mail	13,505,520	5.31
1.35	3,566,575	Express	3,827,859	1.50
1.83	4,831,390	All other transportation	4,722,547	1.86
1.77	4,665,471	Incidental	4,524,380	1.78
.51	1,337,412	Joint Facility	1,348,294	.53
100.00	263,434,538	Total railway operating revenues	254,160,812	100.00
Operating Ratios		**Railway Operating Expenses**		Operating Ratios
13.57	35,748,927	Maintenance of way and structures	35,201,985	13.85
18.47	48,667,939	Maintenance of equipment	44,916,428	17.67
2.98	7,852,971	Traffic	7,591,547	2.98
39.07	102,911,965	Transportation	101,430,555	39.92
1.31	3,456,764	Miscellaneous operations	3,276,765	1.29
3.52	9,260,521	General	9,485,527	3.73
78.92	207,899,087	Total railway operating expenses	201,902,807	79.44
21.08	55,535,451	Net revenue from railway operations	52,258,005	20.56
....	3,587,646	Federal income taxes	5,526,645	....
....	11,248,919	Federal payroll taxes	10,664,192	....
....	10,197,643	All other taxes	11,739,184	....
....	*25,034,208	Total taxes	*27,930,021	....
....	30,501,243	Railway operating income	24,327,984	....
....	Dr. 3,934,702	Hire of equipment—Net	Dr. 2,988,872	....
....	Dr. 2,226,589	Joint facility rents—Net	Dr. 2,421,031	....
....	24,339,952	Net railway operating income	18,918,081	....
		Other Income		
....	1,367,714	Rentals	1,253,257	....
....	1,685,171	Dividends and interest	1,433,887	....
....	1,239,434	Miscellaneous	785,522	....
....	4,292,319	Total other income	3,472,666	....
....	28,632,271	Total income	22,390,747	....
		Deductions from Total Income		
....	33,769	Rents payable	32,206	....
....	247,594	Taxes on nonoperating property	168,675	....
....	338,380	Miscellaneous income charges	118,638	....
....	619,743	Total deductions	319,519	....
....	28,012,528	Income available for fixed charges	22,071,228	....
		Fixed Charges		
....	65,567	Rent for leased roads and equipment	67,139	....
....	7,452,780	Interest on funded debt	7,521,065	....
....	3,463	Interest on unfunded debt	1,530	....
....	77,814	Amortization of discount on funded debt	72,828	....
....	7,599,624	Total fixed charges	7,662,562	....
....	20,412,904	Net income	14,408,666	....
....	12,812,902	Dividends	12,812,902	....

*See Page 31—"Taxes"

BALANCE

ASSETS

	1962	1961
CURRENT ASSETS:		
Cash	$ 12,092,956	$ 17,614,423
Temporary cash investments	36,133,045	27,791,651
Special deposits	114,964	288,141
Loans & notes receivable	8,200	1,270
Net balance receivable from agents and conductors	5,740,578	5,643,866
Miscellaneous accounts receivable	10,229,791	8,488,025
Interest and dividends receivable	306,655	197,444
Accrued accounts receivable	8,071,058	7,143,473
Working fund advances	128,284	135,347
Prepayments	107,489	180,339
Material and supplies	19,617,697	17,462,492
Other current assets	276,819	295,601
Total current assets	92,827,536	85,242,072
SPECIAL FUNDS:		
Sinking funds	1,732	1,732
Capital and other reserve funds	2,247,305	2,939,045
Insurance and other funds	1,235,441	1,841,138
Total special funds	3,484,478	4,781,915
INVESTMENTS:		
Investments in affiliated companies (page 45)	41,451,405	42,057,895
Other investments	23,559	1,382,375
Total investments	41,474,964	43,440,270
PROPERTIES:		
Road and equipment property	951,054,797	943,851,176
Accrued depreciation and amortization	271,231,372	260,325,901
Total transportation property less recorded depreciation and amortization	679,823,425	683,525,275
Miscellaneous physical property	9,875,910	10,160,272
Total properties less recorded depreciation and amortization	689,699,335	693,685,547
OTHER ASSETS AND DEFERRED CHARGES:		
Other assets	1,069,573	1,269,442
Unamortized discount on long-term debt	585,502	602,433
Other deferred charges	3,944,949	3,676,031
Total other assets and deferred charges	5,600,024	5,547,906
Grand Total	$833,086,337	$832,697,710

SHEET December 31, 1962 and 1961

LIABILITIES AND SHAREHOLDERS' EQUITY

	1962	1961
CURRENT LIABILITIES:		
Traffic and car-service balances—Cr.	$ 1,068,029	$ 1,864,505
Audited accounts and wages payable	6,394,975	5,640,395
Miscellaneous accounts payable	3,026,307	3,057,323
Interest matured unpaid	420,021	457,420
Unmatured interest accrued	2,364,971	2,380,047
Accrued accounts payable	12,440,290	11,906,109
Federal income taxes accrued	1,801,051	3,165,932
Other taxes accrued	9,810,673	9,809,550
Other current liabilities	4,255,485	4,403,430
Total current liabilities (exclusive of long-term debt due within one year)	41,581,802	42,684,711
LONG-TERM DEBT DUE WITHIN ONE YEAR:		
Funded debt (page 48)	699,290	494,290
Equipment obligations (Page 48)	12,526,372	12,137,372
Total long-term debt due within one year	13,225,662	12,631,662
LONG-TERM DEBT:		
Funded debt unmatured (Page 48)	124,351,710	127,437,710
Equipment obligations (Page 48)	78,581,690	80,674,108
Amounts payable to affiliated companies	291,023	392,260
Total long-term debt	203,224,423	208,504,078
RESERVES:		
Insurance reserves	2,461,777	3,067,474
Casualty and other reserves	778,616	810,020
Total reserves	3,240,393	3,877,494
OTHER LIABILITIES AND DEFERRED CREDITS:		
Other liabilities	663,449	680,722
Unamortized premium on long-term debt	152	173
Other deferred credits	389,334	444,221
Accrued depreciation—Leased property	457,414	246,787
Total other liabilities and deferred credits	1,510,349	1,371,903
SHAREHOLDERS' EQUITY:		
Capital stock issued		
Common stock—Par value $100 per share	170,839,100	170,839,100
Capital surplus	—	593,583
Retained income		
Retained income—Appropriated (Page 44)	48,025,460	48,025,460
Retained income—Unappropriated (Page 44)	351,439,148	344,169,719
Total retained income	399,464,608	392,195,179
Total shareholders' equity	570,303,708	563,627,862
Grand Total	$833,086,337	$832,697,710

Contingent Liabilities: As of December 31, 1962, Burlington, together with the other proprietors in each case, had guaranteed certain obligations of eight affiliates aggregating $297,909,255. If co-guarantors should be called upon for payment and meet their obligations, Burlington's contingent liability would not exceed $26,560,376, as detailed on Page 45. Further details appear in Annual Report, Form A, to the I.C.C.

COMPARATIVE STATEMENT OF UNAPPROPRIATED RETAINED INCOME ACCOUNT, YEARS ENDED DECEMBER 31

	1962	1961	Increase	Decrease
CREDITS:				
Credit balance at beginning of year	$344,169,719	$343,285,113	$ 884,606	
Credit balance transferred from income	20,412,904	14,408,666	6,004,238	
Miscellaneous credits	1,603,297	770,417	832,880	
Total	$366,185,920	$358,464,196	$ 7,721,724	
DEBITS:				
Dividends	$ 12,812,902	$ 12,812,902		
Miscellaneous debits	1,933,870	1,481,575	$ 452,295	
Credit balance carried to balance sheet	351,439,148	344,169,719	7,269,429	
Total	$366,185,920	$358,464,196	$ 7,721,724	

Appropriated Retained Income of $48,025,460 (Page 43) was expended in retiring Funded Debt prior to Year 1928.

INVESTMENTS IN AFFILIATED COMPANIES DECEMBER 31, 1962

Name of Company	Percent of Ownership	Investment Stocks	Investment Bonds, Notes and Advances
Wholly owned companies:			
Burlington Equipment Company	100	$ 5,000	$ 500,000
Burlington Refrigerator Express Company	100	100,000	....
Burlington Truck Lines, Inc.	100	750,000	405,267
St. Louis and Kansas City Land Company	100	100,000	1,415,922
Jointly owned companies:			
Atchison Union Depot and Railroad Company	37.50	27,000	7,972
*Belt Railway Company of Chicago, The	8.33	240,000	139,818
*Chicago Union Station Company	25	....	4,719,203
Colorado and Southern Railway Co., The	74.72	22,172,276	717,021
Davenport, Rock Island and North Western Railway Company	50	1,748,182	1,305,779
Denver Market & Produce Terminal, Inc.	20	50,000	242,212
Denver Union Terminal Railway Company, The	16-2/3	5,000	836,119
Illinois Northern Railway	25	250,940	....
*Illinois Terminal Railroad Company	9-1/11	1,818	....
Iowa Transfer Railway Company	20	16,100	2,000
*Kansas City Terminal Railway Company	8-1/3	100,000	807,910
Keokuk Union Depot Company	40	8,024	3,972
Minnesota Transfer Railway Company	11-1/9	91,300	341,927
Missouri and Illinois Bridge and Belt Railroad Company	81.82	312,004	405,000
*Packers Car Line Company	19.18	6,140	78,253
Paducah & Illinois Railroad Company	33-1/3	3,333	1,729,759
Pullman Company	2.42	595,900	....
Railway Express Agency, Inc.	2.70	2,700	780,719
*Saint Paul Union Depot Company, The	12.50	130,475	204,020
*Terminal Railroad Association of St. Louis	6.25	....	....
*Trailer Train Company	2.70	50,000	42,040
Winona Bridge Railway Company	66-2/3	300	....
		$26,766,492	$14,684,913

***Contingent Liabilities:**

As of December 31, 1962, Burlington, together with the other proprietors in each case, had guaranteed certain obligations of the following affiliates:

Name of Company	Number of Owners	Obligations Outstanding	Burlington's Per Cent of Ownership	Burlington's Ownership Proportion
The Belt Railway Company of Chicago	12	$ 37,250,000	8⅓	$ 3,102,925
Chicago Union Station Co.	4	48,816,000	25.00	12,204,000
Illinois Terminal Railroad Co.	11	8,750,000	9-1/11	795,455
Kansas City Terminal Railway Co.	12	37,070,000	8-1/3	3,089,167
Packers Car Line Co.	10	2,517,073	19.18	482,775
St. Paul Union Depot Co.	8	10,410,000	12.50	1,301,250
Terminal Railroad Association of St. Louis	15	40,879,075	6.25	2,554,942
Trailer Train Co.	35	112,217,107	2.70	3,029,862
		$297,909,255		$26,560,376

Each of these companies owns property which would be available to creditors in the event of default. If co-guarantors should be called upon for payment and meet their obligations, Burlington's contingent liability would be limited to the amount shown in right-hand column above.

STATISTICS OF OPERATIONS

ITEMS	1962	1961
Actual miles road operated, end of year	8,547.23	8,575.31
Average mileage of road operated—Total	8,558.37	8,626.27
Average mileage of road operated—Freight Service	8,522.93	8,583.22
Average mileage of road operated—Passgr. Service	3,682.52	3,896.27
TRAIN MILES		
Freight	11,971,272	12,003,704
Passenger	8,464,255	8,566,514
Total transportation service	20,435,527	20,570,218
Work service	68,540	59,762
LOCOMOTIVE MILES		
Freight	12,237,684	12,270,029
Passenger*	8,455,382	8,552,849
Train and yard switching	6,362,868	6,153,435
Total transportation service	27,055,934	26,976,313
Work service	626,163	576,257
CAR MILES		
Loaded freight cars	534,527,300	514,632,537
Empty freight cars	308,041,417	299,477,007
Sum of loaded and empty	842,568,717	814,109,544
Caboose	12,055,427	12,041,216
Total freight cars	854,624,144	826,150,760
Coach and combination passenger cars	25,280,048	25,514,697
Sleeping and parlor	16,677,239	16,580,097
Club, lounge, dining and observation	9,438,273	9,708,551
Other	35,071,462	35,957,229
Total passenger cars	86,467,022	87,760,574
Total transportation service	941,091,166	913,911,334
Work service	769,042	551,867
FREIGHT SERVICE		
Tons—revenue freight	52,346,451	48,328,695
Tons—revenue and non-revenue freight	54,232,599	50,163,325
Ton-miles—revenue freight	17,069,856,315	15,729,303,978
Ton-miles—revenue and non-revenue freight	17,575,318,500	16,213,876,400
PASSENGER SERVICE		
Passengers carried—revenue	11,304,797	11,209,597
Passenger miles—revenue	853,932,930	855,285,275

*Excludes mileage of combination motor passenger cars:

1962—105,123
1961—113,530

STATISTICS OF OPERATIONS—Continued

ITEMS	1962	1961
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,405	1,397
Passenger-train miles	2,298	2,199
Transportation service train-miles	2,388	2,385
Transportation service locomotive-miles	3,161	3,116
Freight service car-miles	100,274	96,252
Passenger service car-miles	23,480	22,524
Freight revenue	$25,041.64	$23,886.26
Passenger service train revenue	$11,400.79	$10,614.16
Operating revenues	$30,780.92	$29,463.58
Operating expenses	$24,291.90	$23,405.57
Net operating revenue	$ 6,489.02	$ 6,058.01
Net railway operating income	$ 2,843.99	$ 2,193.08
Ton-miles—revenue freight	1,994,522	1,823,417
Ton-miles—all freight	2,062,122	1,889,020
Passenger-miles—revenue	99,778	99,149
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	44.65	42.87
Empty freight car-miles	25.73	24.95
Ton-miles—revenue freight	1,425.90	1,310.37
Ton-miles—all freight	1,468.12	1,350.74
Passenger train car-miles	10.22	10.24
Revenue passenger-miles	100.89	99.82
Freight revenue	$ 17.83	$ 17.08
Passenger service train revenue	$ 4.96	$ 4.82
Operating revenues	$ 12.89	$ 12.36
Operating expenses	$ 10.17	$ 9.82
Net operating revenue	$ 2.72	$ 2.54
AVERAGES PER LOADED FREIGHT CAR MILE		
Ton-miles—revenue freight	31.93	30.56
Ton-miles—all freight	32.88	31.51
Freight revenue	$ .39928	$ .39838
AVERAGES PER CAR-MILE, PASSENGER		
Passenger-miles—revenue	20.50	20.51
Passenger revenue	$ .52922	$ .50850
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	326.09	325.47
Miles hauled—non-revenue freight	267.99	264.07
Miles hauled—all freight	324.08	323.22
Net Ton-miles per freight car day	1,100	988
Miles carried—revenue passengers	75.54	76.30
Revenue per ton of freight	$ 4.07722	$ 4.24222
Revenue per ton-mile of freight	$ .01250	$ .01303
Revenue per passenger	$ 1.94992	$ 1.89224
Revenue per passenger-mile	$ .02581	$ .02480
Operating ratio	78.92	79.44

LONG-TERM DEBT—December 31, 1962

Name and Character of Obligation	Interest Rate %	Maturity Date	Outstanding With Public	Held in Treasury Unpledged
FIRST AND REFUNDING MORTGAGE BONDS				
Series of 1970	4.5	1970	$	$10,140,000
Series of 1970	2.875	1970	(a) 44,712,000	504,000
Series of 1978	4.375	1978	(b) 21,916,000	58,000
Series of 1985	3.125	1985	(c) 36,858,000	1,582,000
Series of 1990	3	1990	(d) 21,565,000	17,000
Series of 1998	4	1998		19,729,000
Total Bonds			$125,051,000	$32,030,000
EQUIPMENT OBLIGATIONS				
Equipment Trust Certificates		Serially to		
1948	2.25	1963	$ 241,000	$
1949 No. 1	2.25	1964	321,000	
1950	2.125	1965	1,700,000	
1953 No. 1	3.25	1968	2,585,000	
1953 No. 2	2.875	1968	2,160,000	
1954 No. 1	2.625	1969	3,420,000	10,000
1954 No. 2	2.625	1969	2,240,000	
1955 No. 1	2.875	1970	4,640,000	
1955 No. 2	3.125	1970	2,320,000	
1956 No. 1	3.125	1971	4,420,000	
1956 No. 2	3.875	1971	2,160,000	
1957	3.75	1972	4,750,000	
1958 No. 1	3.5	1973	3,150,000	
1958 No. 2	3.5	1973	3,360,000	
1958 No. 3	3.375	1973	4,510,000	
1959 No. 1	4.375	1974	3,220,000	
1959 No. 2	4.625	1974	5,640,000	
1959 No. 3	5	1974	2,520,000	
1960	4.625	1975	2,210,000	
1961 No. 1	4.25	1976	7,695,000	
1961 No. 2	4.25	1976	4,320,000	
1961 No. 3	4.125	1976	2,240,000	
1962 No. 1	4.375	1977	6,235,000	
1962 No. 2	4	1977	3,045,000	
Conditional Payment Contracts				
The Northern Trust Co.	4.25	1965	2,371,875	
The Northern Trust Co.	4.25	1964	303,616	
The Northern Trust Co.	4.75	1964	455,614	
The Northern Trust Co.	4.5	1967	1,195,489	
Chicago—Assignee				
First National Bank Chicago—Assignee	5	1965	836,460	
Morgan Guaranty Trust Co., New York—Assignee	3.25 and 3.375	1967	6,455,401	
Continental Illinois Nat'l. Bank & Trust Co., Chicago—Assignee	4	1967	387,607	
Total Equipment Obligations			$ 91,108,062	$ 10,000
Total Long-Term Debt			$216,159,062	$32,040,000

(a) Annual sinking fund $248,825. (b) Annual sinking fund $500,000.

(c) Annual sinking fund $325,000 together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year.

(d) Annual sinking fund $250,000.

CHANGES IN CAPITAL LIABILITIES IN 1962

	Increase	Decrease
Bonds:		
First and Refunding 2⅞% Series of 1970		$ 504,000
First and Refunding 3⅛% Series of 1985		2,318,000
First and Refunding 3% Series of 1990		
First and Refunding 4⅜% Series of 1978		59,000
Principal of Equipment Obligations:		
Equipment Trust of 1948		482,000
Equipment Trust of 1949—No. 1		214,000
Equipment Trust of 1950		680,000
Equipment Trust of 1953—No. 1		470,000
Equipment Trust of 1953—No. 2		360,000
Equipment Trust of 1954—No. 1		490,000
Equipment Trust of 1954—No. 2		300,000
Equipment Trust of 1955—No. 1		580,000
Equipment Trust of 1955—No. 2		290,000
Equipment Trust of 1956—No. 1		520,000
Equipment Trust of 1956—No. 2		240,000
Equipment Trust of 1957—No. 1		500,000
Equipment Trust of 1958—No. 1		300,000
Equipment Trust of 1958—No. 2		320,000
Equipment Trust of 1958—No. 3		410,000
Equipment Trust of 1959—No. 1		280,000
Equipment Trust of 1959—No. 2		470,000
Equipment Trust of 1959—No. 3		210,000
Equipment Trust of 1960—No. 1		170,000
Equipment Trust of 1961—No. 1		570,000
Equipment Trust of 1961—No. 2		320,000
Equipment Trust of 1961—No. 3		160,000
Equipment Trust of 1962—No. 1		215,000
Equipment Trust of 1962—No. 2		105,000
Equipment Conditional Sale Contracts		3,950,969
Securities Issued:		
Equipment Trust of 1962—No. 1	$ 6,450,000	
Equipment Trust of 1962—No. 2	3,150,000	
Equipment Conditional Sale Contracts	1,303,551	
	$10,903,551	$15,487,969
Net Decrease		$ 4,584,418

DESCRIPTION OF MORTGAGES

First and Refunding Mortgage

The First and Refunding Mortgage is a first lien on 7825.95 miles of main and branch line railroad now owned by the Company including terminals and appurtenent property, situated in the States of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana; is a first lien on all locomotives, cars and other rolling stock and equipment owned by the Company and not subject to any equipment trust or conditional sale agreement securing the purchase price thereof; and also is a first lien on 358,563 shares of capital stock of The Colorado and Southern Railway Company, which are pledged under this Mortgage.

Additional First and Refunding Mortgage Bonds may be issued, subject to the provisions and limitations of the Mortgage and the Supplemental Indentures thereto.

Provisions for the redemption of each series of First and Refunding Mortgage Bonds, and the sinking funds are summarized as follows:

Series of 1970 2⅞% Bonds may be redeemed as a whole, or in part, on any interest date at 101⅞ August 1, 1961 to July 31, 1965; 101 August 1, 1965 to July 31, 1969, after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $248,825 for redemption of Series of 1970 2⅞% Bonds is payable to the Trustee on or before May 1 each year. For such redemption, prices are 100⅞ August 1, 1961 to July 31, 1965, 100½ August 1, 1965 to July 31, 1969, and thereafter at par; in each instance with accrued interest.

Series of 1978 4⅜% Bonds may be redeemed as a whole, or in part, on any interest date at 105 February 1, 1963 to January 31, 1964; 104.70 February 1, 1964 to January 31, 1965; thereafter the premium reduces periodically to January 31, 1976; after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $500,000, for redemption of Series of 1978 4⅜% Bonds is payable to the Trustee on or before November 1 each year. For such redemption, prices are 103 February 1, 1958 to January 31, 1963; 102.50 February 1, 1963 to January 31, 1964; reduced periodically to January 31, 1976, and thereafter at par; in each instance with accrued interest.

Series of 1985 3⅛% Bonds may be redeemed as a whole, or in part, on any interest date at 103⅜ August 1, 1961 to July 31, 1965; 102¾ August 1, 1965 to July 31, 1969; thereafter the premium reduces periodically to August 1, 1982, after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $325,000, together with an amount equal to 10% of dividends paid by the Company on its capital stock in the preceding calendar year, is payable to the Trustee on or before May 1 in each year for redemption of the Series of 1985 Bonds. Redemption prices are 101½ August 1, 1961 to July 31, 1965; 101¼ August 1, 1965 to July 31, 1969; reduced periodically to August 1, 1982, and thereafter at par; in each instance with accrued interest.

Series of 1990 3% Bonds may be redeemed as a whole, or in part, on any interest date at 103¼ February 1, 1958 to January 31, 1962; February 1, 1962 to January 31, 1966, 102¾; thereafter the premium reduces periodically to January 31, 1989, after which date they are callable at par; in each instance with accrued interest.

An annual sinking fund of $250,000 for redemption of Series of 1990 3% Bonds is payable to the Trustee on or before November 1 each year. For such redemption, prices are 100¾ February 1, 1958 to January 31, 1962; February 1, 1962 to January 31, 1966, 100¾; reduced periodically to January 31, 1989, and thereafter at par; in each instance with accrued interest.

MILEAGE

	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Owned						
Colorado	392.57	.52	....	....	175.21	568.30
Illinois	1,504.49	298.65	40.95	4.75	1,021.36	2,870.20
Iowa	880.76	249.44	....	....	272.63	1,402.83
Kansas	200.49	....	....	....	23.25	223.74
Minnesota	23.09	2.71	....	....	38.69	64.49
Missouri	1,091.34	12.74	....	....	435.34	1,539.42
Montana	134.53	....	....	....	46.21	180.74
Nebraska	2,636.24	29.32	....	....	764.49	3,430.05
South Dakota	183.49	....	....	....	28.38	211.87
Wisconsin	220.25	214.17	....	....	60.69	495.11
Wyoming	677.59	....	....	....	199.07	876.66
Total*	7,944.84	807.55	40.95	4.75	3,065.32	11,863.41
Operated under lease or contract	602.39	130.75	.76	.76	451.13	1,185.79
Grand Total*	8,547.23	938.30	41.71	5.51	3,516.45	13,049.20

*Includes yard tracks and sidings owned but not operated as follows:
Illinois .71 mile, Iowa .71 mile, Nebraska .30 mile, total 1.72 miles.

OWNED EQUIPMENT IN SERVICE

Description	Number on Dec. 31, 1961	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1962	Average tractive power all locomotives and average capacity all freight cars
Locomotives:					
Steam	13		3	10	
Diesel Road	515	30	30	515	
Diesel Switch	177		1	176	
Total Locomotives	705	30	34	701	63,116 Lbs.
Freight-train cars:					
Box	21,617	458	1,036	21,039	
Flat	2,244	111	52	2,303	
Stock	3,178	100	471	2,807	
Gondola and Hopper	14,885	192	362	14,715	
Rack	179	56		235	
Caboose	464		15	449	
All classes of freight-train cars	42,567	917	1,936	41,548	53.82 Tons
Passenger-train cars:+					
Coaches	288			288	
Combination coach	25		4	21	
Parlor	10			10	
Sleeping	3	11	11	3	
Dining	48			48	
Club, lounge and observation	7			7	
Postal	24			24	
Baggage, express and other non-passenger	497	1	7	491	
Other passenger cars	19	11	2	28	
Total	921	23	24	920	
Passenger rail motor cars:					
Other passenger-train rail motor	6			6	
Total	6			6	
All classes of passenger-train cars	927	23	24	926	
Company service cars:					
Business	11		1	10	
Ballast	1,287		1	1,286	
Derrick	4			4	
Wrecking	18			18	
Other company service	2,557	56	165	2,448	
All classes of company service cars	3,877	56	167	3,766	
All classes of cars in service	47,371	996	2,127	46,240	

OWNED EQUIPMENT LEASED

Description	Number Under Lease on Dec. 31, 1961	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1962
Freight-refrigerator cars*	2,525	25	31	2,519
Passenger-refrigerator cars*	2			2
Freight-flat cars @	38		11	27
Freight-gondola cars‡	100			100
Zephyr train cars‡	2			2
Business car‡	1			1
Sleeping cars#	75		11	64

+22 cars are articulated.

‡Leased to Fort Worth and Denver Railway Co.

*Leased to Burlington Refrigerator Express Co.

#Leased to Pullman Company.

@ 27 cars leased to Southern Pacific Lines.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1962	1961	Increase	Decrease
RAILWAY OPERATING REVENUES—				
TRANSPORTATION:				
Freight	$213,428,177	$205,020,997	$ 8,407,180	
Passenger	22,043,503	21,211,215	832,288	
Baggage	25,071	28,567		$ 3,496
Parlor and chair car	102,605	107,047		4,442
Mail	13,562,010	13,505,520	56,490	
Express	3,566,575	3,827,859		261,284
Other passenger-train	250,827	267,134		16,307
Milk	102,210	123,675		21,465
Switching	4,350,677	4,196,124	154,553	
Total	$257,431,655	$248,288,138	$ 9,143,517	
INCIDENTAL:				
Dining and buffet	$ 2,330,829	$ 2,284,636	$ 46,193	
Station and train privileges	44,443	45,670		$ 1,227
Storage—Freight	9,920	7,280	2,640	
Demurrage	837,778	643,789	193,989	
Communication	50,715	63,045		12,330
Power	9,239	8,573	666	
Rents of buildings and other property	458,967	501,848		42,881
Miscellaneous	923,580	969,539		45,959
Total	$ 4,665,471	$ 4,524,380	$ 141,091	
Joint facility—Cr.	$ 1,351,672	$ 1,362,533		$ 10,861
Joint facility—Dr.	Dr. 14,260	Dr. 14,239		21
Total	$ 1,337,412	$ 1,348,294		$ 10,882
Total railway operating revenues	$263,434,538	$254,160,812	$ 9,273,726	

	1962	1961	Increase	Decrease
RAILWAY OPERATING EXPENSES—				
Maintenance of way and structures	$ 30,472,904	$ 29,322,398	$ 1,150,506	
Maintenance of equipment	34,888,187	31,735,520	3,152,667	
Traffic	7,852,971	7,591,547	261,424	
Transportation	102,911,965	101,430,555	1,481,410	
Miscellaneous operations	3,456,764	3,276,765	179,999	
General	9,260,521	9,485,527		$ 225,006
Railway operating expenses—excluding depreciation and retirements	$188,843,312	$182,842,312	$ 6,001,000	
Depreciation and Retirements—				
Road Property	$ 5,276,023	$ 5,879,587		$ 603,564
Equipment	13,779,752	13,180,908	598,844	
Total railway operating expenses	$207,899,087	$201,902,807	$ 5,996,280	
Operating Ratio (For Operating Ratios by general accounts see Page 41)	78.92	79.44		.52
Net revenue from railway operations	$ 55,535,451	$ 52,258,005	$ 3,277,446	
Railway tax accruals	$ 25,034,208	$ 27,930,021		$ 2,895,813
Railway operating income	$ 30,501,243	$ 24,327,984	$ 6,173,259	
RENT INCOME				
Rents from equipment	$ 1,727,916	$ 1,503,538	$ 224,378	
Joint facility rent income	935,612	863,497	72,115	
Total rent income	$ 2,663,528	$ 2,367,035	$ 296,493	
RENTS PAYABLE				
Rents for equipment	$ 5,662,618	$ 4,492,410	$ 1,170,208	
Joint facility rents	3,162,201	3,284,528		$ 122,327
Total rents payable	$ 8,824,819	$ 7,776,938	$ 1,047,881	
Net rents	Dr.$ 6,161,291	Dr.$ 5,409,903	$ 751,388	
Net railway operating income	$ 24,339,952	$ 18,918,081	$ 5,421,871	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Continued

	1962	1961	Increase	Decrease
OTHER INCOME				
Income from lease of road and equipment	$ 6,405	$ 6,842		$ 437
Miscellaneous rent income	957,551	930,050	$ 27,501	
Income from non-operating property	403,758	316,365	87,393	
Separately operated properties—profit	10,700	13,528		2,828
Dividend income	465,446	537,475		72,029
Interest income	1,219,725	896,412	323,313	
Release of premiums on funded debt	20	20		
Miscellaneous income	1,228,714	771,974	456,740	
Total other income	$ 4,292,319	$ 3,472,666	$ 819,653	
Total income	$ 28,632,271	$ 22,390,747	$ 6,241,524	
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 33,769	$ 32,206	$ 1,563	
Miscellaneous tax accruals	247,594	168,675	78,919	
Miscellaneous income charges	338,380	118,638	219,742	
Total miscellaneous deductions	$ 619,743	$ 319,519	$ 300,224	
Income available for fixed charges	$ 28,012,528	$ 22,071,228	$ 5,941,300	
FIXED CHARGES				
Rent for leased roads and equipment	$ 65,567	$ 67,139		$ 1,572
Interest on funded debt	7,452,780	7,521,065		68,285
Interest on unfunded debt	3,463	1,530	$ 1,933	
Amortization of discount on funded debt	77,814	72,828	4,986	
Total fixed charges	$ 7,599,624	$ 7,662,562		$ 62,938
Net income	$ 20,412,904	$ 14,408,666	$ 6,004,238	

NET INVESTMENT IN ROAD AND EQUIPMENT

YEAR 1962

Account		Additions and Betterments
Engineering	Cr.	$ 58,205
Land for transportation purposes	Cr.	342,980
Other right-of-way expenditures		1,550
Grading	Cr.	270,500
Tunnels and subways		16,091
Bridges, trestles and culverts		95,949
Ties	Cr.	179,167
Rails	Cr.	14,465
Other track material		158,163
Ballast	Cr.	163,068
Track laying and surfacing	Cr.	56,655
Fences, snowsheds and signs	Cr.	19,647
Station and office buildings	Cr.	214,172
Roadway buildings	Cr.	28,674
Water stations	Cr.	83,719
Fuel stations	Cr.	1,114
Shops and enginehouses		178,258
Communication systems		74,806
Signals and interlockers		158,153
Power plants		290
Power-transmission systems	Cr.	2,173
Miscellaneous structures	Cr.	10,096
Roadway machines		329,196
Roadway small tools	Cr.	711
Public improvements—Construction	Cr.	68,892
Shop machinery		63,166
Power-plant machinery		10,128
Total expenditures for road	Cr.	428,488
Steam locomotives	Cr.	348,170
Other locomotives		2,105,840
Freight-train cars		4,537,040
Passenger-train cars	Cr.	109,383
Work equipment	Cr.	107,179
Miscellaneous equipment		1,633,197
Total expenditures for equipment		7,711,345
General officers and clerks	Cr.	10,408
Law	Cr.	6,393
Stationery and printing	Cr.	680
Taxes	Cr.	1,437
Interest during construction	Cr.	153,506
Other expenditures—General	Cr.	1,095
Total general expenditures	Cr.	173,519
Other elements of investment		85,117
Grand Total		$7,194,455

"Cr."—Credits due to retirements.

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

OPERATING REVENUES

Year ended December 31	Average operated mileage	Freight Revenue	Passenger Revenue	Mail, express and miscellaneous revenue
1921	9,393.07	$122,716,630	$ 31,396,048	$ 14,599,590
1922	9,393.69	121,388,901	28,380,104	15,147,466
1923	9,401.41	126,433,098	28,569,831	16,267,732
1924	9,407.23	119,773,873	26,522,642	16,378,363
1925	9,398.62	118,670,808	25,116,398	15,367,972
1926	9,403.79	121,410,650	24,288,307	15,618,485
1927	9,390.00	118,497,414	22,058,572	15,764,468
1928	9,375.44	126,952,879	19,715,276	16,223,254
1929	9,373.21	126,777,844	18,817,973	16,814,108
1930	9,332.76	111,157,128	15,360,186	14,862,108
1931	9,312.69	88,237,564	11,205,062	11,776,334
1932	9,261.96	63,182,739	7,311,279	9,049,611
1933	9,237.41	63,319,234	6,722,104	8,455,637
1934	9,143.98	64,815,018	6,749,238	8,723,903
1935	9,035.66	66,817,189	6,978,101	9,129,919
1936	9,004.40	79,716,638	8,217,025	10,148,748
1937	8,975.40	79,966,473	9,717,844	10,466,895
1938	8,964.66	74,134,765	9,141,388	9,793,983
1939	8,973.06	76,853,603	9,167,835	10,110,356
1940	8,973.21	78,198,344	8,964,197	10,468,701
1941	9,036.00	94,874,259	10,697,250	11,949,846
1942	9,077.68	131,770,823	19,100,283	14,418,219
1943	9,029.56	166,123,159	32,923,900	18,905,424
1944	8,989.35	180,453,652	40,141,385	20,042,363
1945	8,965.22	183,286,915	38,193,572	21,062,311
1946	8,865.75	148,897,285	27,896,559	19,131,821
1947	8,864.97	181,409,104	19,029,068	20,740,839
1948	8,813.82	199,341,245	20,198,852	21,823,554
1949	8,766.61	179,802,953	17,818,681	20,374,874
1950	8,842.51	199,932,606	17,679,514	27,635,441
1951	8,824.01	220,253,697	19,192,719	27,147,252
1952	8,823.89	223,230,964	20,173,457	26,943,359
1953	8,866.77	230,610,550	20,349,507	27,453,755
1954	8,860.31	206,301,405	18,917,207	27,134,102
1955	8,823.89	203,700,425	19,249,645	26,276,202
1956	8,804.00	212,288,429	20,226,396	24,517,670
1957	8,776.89	212,715,213	20,922,686	24,670,316
1958	8,729.71	213,055,729	20,288,221	24,683,750
1959	8,683.45	215,330,208	20,746,554	26,996,121
1960	8,659.25	202,493,479	21,430,686	27,211,725
1961	8,626.27	205,020,997	21,211,215	27,928,600
1962	8,558.37	213,428,177	22,043,503	27,962,858

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

REVENUES, EXPENSES, AND TAXES

			Taxes	Average Per Mile of Road Operated		
Year Ended Dec. 31	Total Operating Revenues	Total Operating Expenses	Income Account 532	Operating Revenues	Operating Expenses	Taxes
1921	$168,712,268	$128,216,290	$ 9,718,568	$17,961	$13,650	$1,035
1922	164,916,471	126,777,703	10,890,007	17,556	13,496	1,159
1923	171,270,661	134,290,379	9,268,055	18,218	14,284	986
1924	162,674,878	119,958,734	10,642,576	17,293	12,752	1,131
1925	159,155,178	116,671,868	10,975,481	16,934	12,414	1,168
1926	161,317,442	116,462,808	11,480,061	17,155	12,385	1,221
1927	156,320,454	111,917,503	11,676,578	16,648	11,919	1,244
1928	162,891,409	114,191,159	11,192,210	17,374	12,180	1,194
1929	162,409,925	111,565,542	12,025,394	17,327	11,903	1,283
1930	141,379,422	98,877,813	11,191,877	15,149	10,595	1,199
1931	111,218,960	77,465,969	9,955,502	11,943	8,318	1,069
1932	79,543,629	58,517,604	8,148,156	8,588	6,318	880
1933	78,496,975	54,361,599	6,918,697	8,498	5,885	749
1934	80,288,159	58,007,983	5,783,597	8,780	6,344	633
1935	82,925,209	62,544,384	5,983,920	9,178	6,922	662
1936	98,082,411	71,243,003	8,411,126	10,893	7,912	934
1937	100,151,212	74,278,004	7,731,466	11,158	8,276	861
1938	93,070,136	67,087,220	9,061,509	10,382	7,484	1,011
1939	96,131,794	70,885,896	8,616,802	10,713	7,900	960
1940	97,631,242	71,853,873	8,697,632	10,880	8,008	969
1941	117,521,355	83,047,925	11,900,410	13,006	9,191	1,317
1942	165,289,325	99,415,696	26,192,996	18,208	10,952	2,885
1943	217,952,483	123,559,336	55,573,644	24,138	13,684	6,155
1944	240,637,400	145,854,303	57,190,637	26,769	16,225	6,362
1945	242,542,798	174,150,921	30,248,889	27,054	19,425	3,374
1946	195,925,665	139,250,672	25,693,903	22,099	15,707	2,898
1947	221,179,011	149,996,344	34,407,950	24,950	16,920	3,881
1948	241,363,651	167,888,010	35,912,048	27,385	19,048	4,075
1949	217,996,508	167,265,649	26,192,248	24,867	19,080	2,988
1950	245,247,561	161,964,673	39,773,302	27,735	18,317	4,498
1951	266,593,668	189,234,239	41,233,781	30,212	21,445	4,673
1952	270,347,780	193,435,960	39,690,137	30,638	21,922	4,498
1953	278,413,812	203,124,368	39,557,462	31,400	22,909	4,461
1954	252,352,714	190,333,761	28,989,381	28,481	21,481	3,272
1955	249,226,272	190,704,931	28,850,235	28,244	21,612	3,270
1956	257,032,495	196,359,600	31,392,521	29,195	22,303	3,566
1957	258,308,215	205,579,093	26,291,733	29,430	23,423	2,996
1958	258,027,700	200,263,598	27,403,280	29,557	22,940	3,139
1959	263,072,883	209,875,069	27,339,438	30,296	24,170	3,148
1960	251,135,890	203,951,532	25,178,072	29,002	23,553	2,908
1961	254,160,812	201,902,807	27,930,021	29,464	23,406	3,238
1962	263,434,538	207,899,087	25,034,208	30,781	24,292	2,925

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

SUMMARY OF FINANCIAL RESULTS

Year ended December 31	Total revenues, including income from other sources	Expenses, taxes, rentals, and other charges	Interest on Funded Debt	Net Income	Earnings per Share of Stock
1921	$171,852,639	$139,435,531	$6,807,134	$25,609,974	$16.43
1922	168,386,706	140,005,948	8,119,271	20,261,487	11.86
1923	173,735,425	146,188,407	8,256,488	19,290,530	11.29
1924	164,788,967	134,247,699	8,641,439	21,899,829	12.82
1925	161,234,121	131,356,234	8,693,294	21,184,593	12.40
1926	164,314,046	131,699,096	8,626,981	23,987,969	14.04
1927	159,202,361	128,632,779	9,126,458	21,443,124	12.55
1928	165,929,135	130,473,328	9,177,555	26,278,252	15.38
1929	166,122,417	127,461,244	9,084,635	29,576,538	17.31
1930	144,904,521	113,840,027	9,084,635	21,979,859	12.87
1931	113,518,034	91,113,664	9,084,635	13,319,735	7.80
1932	80,906,548	70,319,097	9,084,635	1,502,816	.88
1933	80,058,804	65,376,145	9,084,635	5,598,024	3.28
1934	81,542,327	68,002,932	9,084,635	4,454,760	2.61
1935	84,006,102	73,078,623	9,084,635	1,842,844	1.08
1936	99,376,761	85,081,198	9,138,399	5,157,164	3.02
1937	101,506,074	87,279,925	9,318,895	4,907,254	2.87
1938	94,165,952	81,111,532	9,412,657	3,641,763	2.13
1939	97,266,759	84,228,649	9,376,771	3,661,339	2.14
1940	98,701,774	84,895,212	9,413,698	4,392,864	2.57
1941	118,744,477	98,760,692	9,564,643	10,419,142	6.10
1942	166,665,657	128,483,699	9,535,038	28,646,920	16.77
1943	219,490,878	182,551,064	8,708,550	28,231,264	16.53
1944	242,151,510	209,035,730	8,468,658	24,647,122	14.43
1945	244,142,926	209,309,218	7,428,309	27,405,399	16.04
1946	198,259,728	169,368,261	5,788,692	23,102,775	13.52
1947	223,062,115	189,666,103	5,654,141	27,741,871	16.24
1948	242,652,523	208,881,475	5,689,348	28,081,700	16.44
1949	219,734,305	198,626,445	5,688,368	15,419,492	9.03
1950	247,617,300	207,712,870	6,142,775	33,761,655	19.76
1951	268,204,066	237,039,202	5,915,576	25,249,288	14.78
1952	272,635,351	238,955,578	5,679,181	28,000,592	16.39
1953	280,892,910	249,044,595	6,186,809	25,661,506	15.02
1954	254,720,412	225,165,297	6,543,395	23,011,720	13.47
1955	251,768,664	223,086,211	6,524,607	22,157,846	12.97
1956	260,096,276	231,887,566	6,643,492	21,565,218	12.62
1957	261,679,935	237,695,505	6,801,818	17,182,612	10.06
1958	261,564,202	234,825,211	7,247,259	19,491,732	11.41
1959	269,062,359	244,137,433	7,228,783	17,696,143	10.36
1960	254,931,710	234,953,987	7,484,585	12,493,138	7.31
1961	257,633,478	235,703,747	7,521,065	14,408,666	8.43
1962	267,726,857	239,861,173	7,452,780	20,412,904	11.95

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

MAINTENANCE AND TRANSPORTATION EXPENSES

					Average per Mile of Road Operated		
Year ended Dec. 31	Avge. oper. mileage	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	M. of W. & S.	M. of E.	Transp.
1921	9,393.07	$22,917,767	$34,290,506	$63,564,017	$2,440	$3,651	$6,767
1922	9,393.69	20,769,379	35,735,414	62,875,593	2,211	3,804	6,693
1923	9,401.41	21,984,557	40,654,336	63,395,808	2,338	4,324	6,743
1924	9,407.23	19,413,917	34,786,170	57,810,258	2,064	3,698	6,145
1925	9,398.62	19,737,011	33,669,420	55,021,563	2,100	3,582	5,854
1926	9,403.79	23,965,178	30,131,658	54,315,494	2,548	3,204	5,776
1927	9,390.00	23,668,878	26,486,675	53,503,272	2,521	2,821	5,698
1928	9,375.44	25,515,422	27,197,586	52,922,445	2,722	2,901	5,645
1929	9,373.21	24,414,605	26,080,966	52,083,144	2,605	2,783	5,557
1930	9,332.76	20,311,640	22,553,488	46,922,911	2,176	2,417	5,028
1931	9,312.69	13,721,164	17,785,942	38,030,549	1,473	1,910	4,084
1932	9,261.96	9,576,465	13,341,550	28,952,905	1,034	1,440	3,126
1933	9,237.41	8,561,684	12,140,500	27,374,245	927	1,314	2,963
1934	9,143.98	9,860,327	12,431,389	28,564,565	1,078	1,360	3,124
1935	9,035.66	10,824,581	14,950,520	30,844,332	1,198	1,655	3,414
1936	9,004.40	12,797,545	16,820,495	34,549,546	1,421	1,868	3,837
1937	8,975.40	14,033,990	17,275,279	36,183,417	1,564	1,925	4,031
1938	8,964.66	11,654,202	15,409,733	33,620,007	1,300	1,719	3,750
1939	8,973.06	12,844,765	17,381,993	34,256,996	1,431	1,937	3,818
1940	8,973.21	13,353,279	16,783,688	35,277,423	1,488	1,870	3,931
1941	9,036.00	16,959,394	19,816,531	39,526,885	1,877	2,193	4,374
1942	9,077.68	21,025,235	24,106,233	46,267,051	2,316	2,656	5,097
1943	9,029.56	29,835,736	28,195,666	55,805,743	3,304	3,123	6,180
1944	8,989.35	40,175,260	33,790,768	61,653,940	4,469	3,759	6,859
1945	8,965.22	47,843,082	51,952,634	63,650,499	5,337	5,795	7,100
1946	8,865.75	31,412,419	27,660,941	68,613,877	3,543	3,120	7,739
1947	8,864.97	32,484,480	29,682,429	75,766,163	3,664	3,348	8,547
1948	8,813.82	37,260,444	34,365,642	83,366,308	4,228	3,899	9,459
1949	8,766.61	36,261,258	38,419,338	78,842,227	4,136	4,382	8,993
1950	8,842.51	33,786,916	34,037,570	80,955,660	3,821	3,849	9,155
1951	8,824.01	41,782,837	39,300,552	93,513,741	4,735	4,454	10,597
1952	8,823.89	42,108,312	40,839,794	95,078,458	4,772	4,628	10,775
1953	8,866.77	49,071,802	40,018,049	97,998,903	5,534	4,513	11,052
1954	8,860.31	35,419,111	43,180,519	95,609,781	3,998	4,873	10,791
1955	8,823.89	37,759,174	39,149,896	97,279,128	4,279	4,437	11,025
1956	8,804.00	35,749,003	42,790,642	99,819,421	4,061	4,860	11,338
1957	8,776.89	39,830,000	44,775,473	102,194,491	4,538	5,102	11,644
1958	8,729.71	33,528,112	45,882,097	101,590,005	3,841	5,256	11,637
1959	8,683.45	36,161,543	48,757,340	104,916,115	4,164	5,615	12,082
1960	8,659.25	34,084,898	46,414,611	103,168,403	3,936	5,360	11,914
1961	8,626.27	35,201,985	44,916,428	101,430,555	4,081	5,207	11,758
1962	8,558.37	35,748,927	48,667,939	102,911,965	4,177	5,687	12,025

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

OPERATING EXPENSE RATIOS

Year ended December 31	Maintenance of Way and Structures	Maintenance of Equipment	Transportation	Total Operating Expenses
1921	13.58	20.32	37.68	76.00
1922	12.59	21.67	38.13	76 87
1923	12.84	23.74	37.01	78.41
1924	11.93	21.38	35.54	73.74
1925	12.40	21.16	34.57	73.31
1926	14.85	18.68	33.67	72.19
1927	15.14	16.94	34.23	71.60
1928	15.66	16.70	32.48	70.10
1929	15.03	16.06	32.07	68.69
1930	14.37	15.95	33.19	69.94
1931	12.34	15.99	34.19	69.65
1932	12.04	16.77	36.40	73.57
1933	10.91	15.46	34.87	69.25
1934	12.28	15.48	35.58	72.25
1935	13.05	18.03	37.20	75.42
1936	13.05	17.15	35.22	72.64
1937	14.01	17.25	36.13	74.17
1938	12.52	16.56	36.12	72.08
1939	13.36	18.08	35.64	73.74
1940	13.68	17.19	36.13	73.60
1941	14.44	16.86	33.64	70.67
1942	12.72	14.59	27.99	60.15
1943	13.69	12.94	25.60	56.69
1944	16.70	14.04	25.62	60.61
1945	17.88	14.86	26.24	71.80
1946	16.03	14.10	35.02	71.07
1947	14.69	13.42	34.26	67.82
1948	15.44	14.24	34.54	69.56
1949	16.63	17.62	36.17	76.73
1950	13.78	13.88	33.01	66.04
1951	15.67	14.74	35.08	70.98
1952	15.57	15.11	35.17	71.55
1953	17.63	14.37	35.20	72.96
1954	14.03	17.11	37.89	75.42
1955	15.15	15.71	39.03	76.52
1956	13.91	16.64	38.84	76.39
1957	15.42	17.34	39.56	79.59
1958	12.99	17.78	39.37	77.61
1959	13.75	18.53	39.88	79.78
1960	13.57	18.48	41.08	81.21
1961	13.85	17.67	39.92	79.44
1962	13.57	18.47	39.07	78.92

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

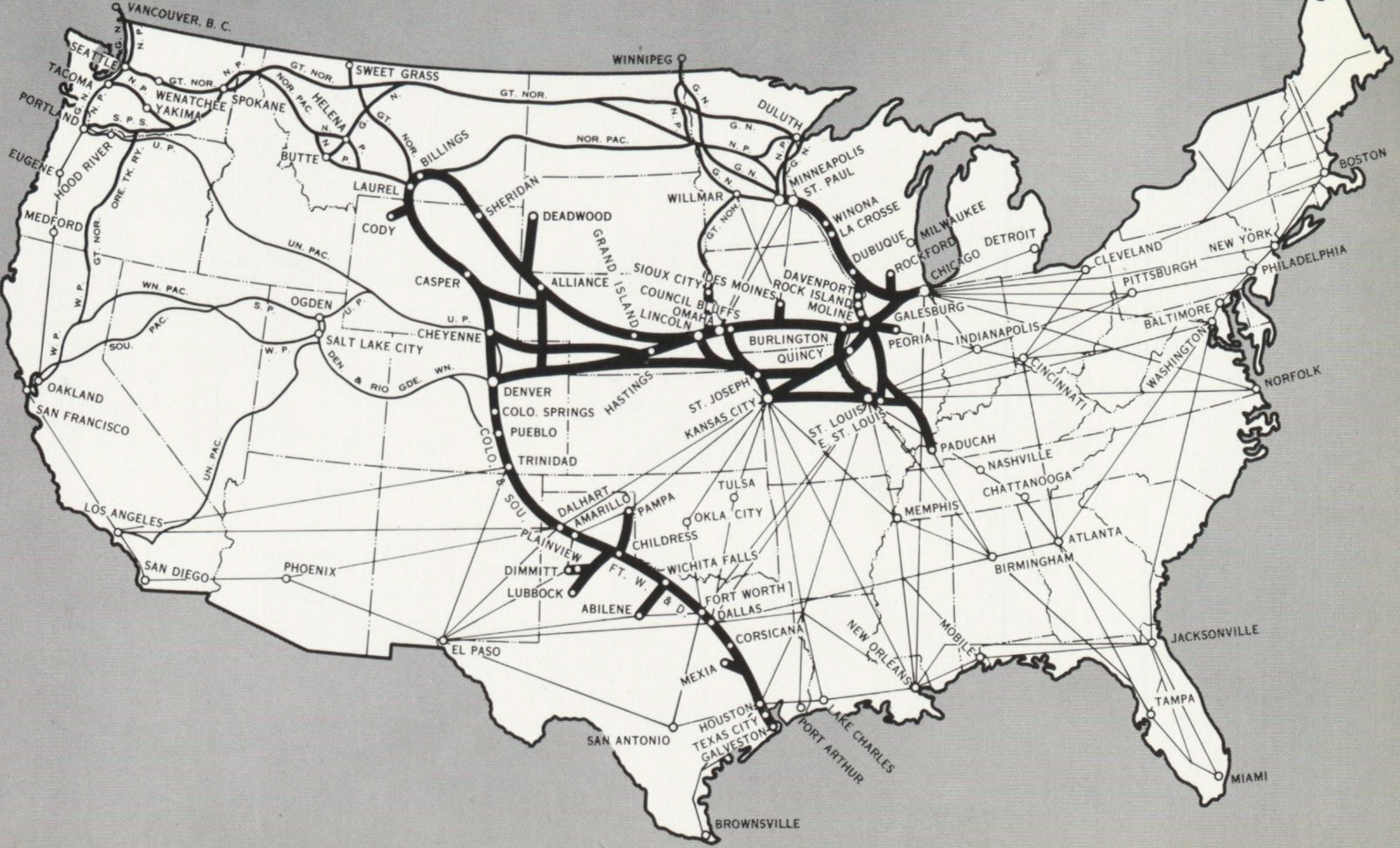
FREIGHT AND PASSENGER TRAFFIC

Year ended December 31	Carloads Revenue Freight (Excl. L.C.L.)	Revenue Ton Miles (000)	Revenue Per Ton Mile (Cents)	Revenue Passenger Miles (000)	Revenue Per Pass. Mile (Cents)
1921	1,138,140	10,554,788	1.163	999,701	3.141
1922	1,267,228	11,754,596	1.033	941,748	3.014
1923	1,422,035	12,690,384	.996	967,097	2.954
1924	1,392,061	12,287,748	.975	909,302	2.917
1925	1,394,884	12,298,288	.965	893,670	2.810
1926	1,427,076	12,651,222	.960	871,773	2.786
1927	1,380,681	11,918,019	.992	811,600	2.718
1928	1,477,074	12,931,723	.982	730,970	2.697
1929	1,468,784	12,873,521	.985	719,017	2.617
1930	1,285,504	11,356,359	.979	606,612	2.532
1931	1,015,772	8,888,694	.993	472,742	2.370
1932	761,188	6,297,639	1.003	347,834	2.102
1933	790,498	6,598,639	.960	387,065	1.737
1934	858,977	7,137,168	.908	425,949	1.585
1935	844,557	7,522,420	.888	424,789	1.643
1936	1,015,083	9,062,367	.880	499,516	1.645
1937	1,034,615	9,423,153	.849	587,409	1.654
1938	894,051	7,876,092	.941	530,835	1.722
1939	939,635	8,417,254	.913	544,510	1.684
1940	996,830	8,972,423	.872	539,670	1.661
1941	1,181,449	11,339,218	.837	640,033	1.671
1942	1,385,416	15,290,591	.862	1,080,880	1.767
1943	1,509,738	18,960,387	.876	1,822,197	1.807
1944	1,569,328	19,751,865	.914	2,220,707	1.808
1945	1,552,950	18,820,920	.974	2,116,701	1.804
1946	1,451,973	16,657,849	.894	1,529,489	1.824
1947	1,552,552	19,274,376	.941	955,746	1.991
1948	1,488,445	18,357,884	1.086	870,790	2.320
1949	1,314,873	15,250,054	1.179	757,891	2.351
1950	1,397,186	16,755,823	1.193	748,699	2.361
1951	1,491,768	18,625,332	1.183	826,128	2.323
1952	1,422,481	17,096,963	1.306	883,205	2.284
1953	1,452,471	16,825,004	1.371	902,036	2.256
1954	1,390,883	15,709,662	1.313	837,706	2.258
1955	1,437,596	16,096,078	1.266	861,327	2.235
1956	1,460,407	16,670,939	1.273	886,357	2.282
1957	1,359,116	15,600,062	1.364	889,103	2.353
1958	1,333,315	15,258,487	1.396	862,595	2.352
1959	1,363,563	15,693,022	1.372	872,351	2.378
1960	1,313,383	15,256,220	1.327	874,279	2.451
1961	1,312,590	15,729,304	1.303	855,285	2.480
1962	1,369,875	17,069,856	1.250	853,933	2.581

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

PER CENT OF TOTAL FREIGHT REVENUE BY MAJOR COMMODITY GROUPS

Year Ended December 31	Products of Agriculture %	Animals and Products %	Products of Mines %	Products of Forests %	Manufactures and Misc. %	Forwarder Traffic %	Less Carload Freight %
1921	23.32	11.84	23.44	4.57	22.44	.....	14.39
1922	20.38	12.11	20.64	5.29	27.65	.....	13.93
1923	17.08	12.57	23.33	5.86	28.37	.....	12.79
1924	20.12	13.40	22.05	5.29	26.28	.....	12.86
1925	16.75	12.64	23.73	5.52	28.02	.....	13.34
1926	16.88	12.70	23.32	5.55	28.81	.....	12.74
1927	19.18	11.86	19.96	5.65	30.60	.....	12.75
1928	20.34	11.36	20.81	5.17	30.91	.....	11.41
1929	19.10	10.75	22.54	4.93	31.11	.....	11.57
1930	20.90	11.10	21.97	3.93	30.59	.....	11.51
1931	21.89	13.43	19.62	3.20	30.48	.....	11.38
1932	18.23	15.68	20.89	2.84	31.44	.....	10.92
1933	21.14	14.82	18.08	3.99	32.48	.....	9.49
1934	18.07	16.86	18.18	4.33	33.72	.....	8.84
1935	16.39	11.23	19.99	5.45	38.20	.....	8.74
1936	17.01	10.85	20.55	5.21	38.33	.....	8.05
1937	17.25	9.03	20.76	5.50	39.57	.....	7.89
1938	22.13	9.89	17.59	5.10	36.78	.....	8.51
1939	18.56	10.00	19.09	5.54	36.82	1.91	8.08
1940	17.86	9.55	20.00	5.79	37.53	2.01	7.26
1941	17.34	7.68	18.90	6.50	40.66	1.77	7.15
1942	16.10	7.10	19.73	6.25	43.90	1.34	5.58
1943	20.16	6.60	18.18	4.12	44.97	1.32	4.65
1944	16.13	6.38	15.95	3.56	52.43	.88	4.67
1945	19.23	5.91	14.08	3.11	52.03	.70	4.94
1946	22.93	7.91	17.06	4.58	39.03	.73	7.76
1947	24.06	6.19	20.39	4.72	35.65	1.78	7.21
1948	20.56	6.38	22.09	5.22	37.48	1.66	6.60
1949	23.71	7.58	17.24	6.15	37.91	1.78	5.64
1950	20.98	6.60	18.44	6.36	40.79	2.35	4.48
1951	22.36	6.32	18.03	5.73	40.41	3.28	3.87
1952	20.97	7.13	17.00	5.79	41.17	4.07	3.87
1953	18.82	7.47	15.53	5.45	44.97	4.29	3.47
1954	20.65	8.18	15.32	6.04	41.86	4.50	3.45
1955	18.95	8.33	15.91	6.65	41.38	5.16	3.62
1956	18.90	8.72	16.70	5.85	41.16	5.26	3.41
1957	21.77	7.83	15.51	5.70	40.55	5.23	3.41
1958	25.55	7.38	14.58	6.33	38.10	4.93	3.13
1959	23.21	7.69	15.05	6.77	39.74	4.72	2.82
1960	22.10	7.90	15.04	6.64	41.19	4.53	2.60
1961	23.33	7.35	14.09	7.00	41.41	4.43	2.39
1962	23.75	6.94	14.16	7.15	42.05	4.06	1.89


VANCOUVER, B. C.
SEATTLE
TACOMA
PORTLAND
EUGENE
MEDFORD
HOOD RIVER
WENATCHEE
YAKIMA
SPOKANE
HELENA
BUTTE
SWEET GRASS
BILLINGS
LAUREL
CODY
SHERIDAN
DEADWOOD
CASPER
ALLIANCE
CHEYENNE
DENVER
COLO. SPRINGS
PUEBLO
TRINIDAD
OGDEN
SALT LAKE CITY
OAKLAND
SAN FRANCISCO
LOS ANGELES
SAN DIEGO
PHOENIX
EL PASO
WINNIPEG
DULUTH
MINNEAPOLIS
ST. PAUL
WILLMAR
WINONA
LA CROSSE
DUBUQUE
MILWAUKEE
ROCKFORD
CHICAGO
DETROIT
GRAND ISLAND
SIOUX CITY
DES MOINES
COUNCIL BLUFFS
OMAHA
LINCOLN
HASTINGS
DAVENPORT
ROCK ISLAND
MOLINE
GALESBURG
PEORIA
BURLINGTON
QUINCY
ST. JOSEPH
KANSAS CITY
ST. LOUIS
E. ST. LOUIS
PADUCAH
TULSA
OKLA. CITY
DALHART
AMARILLO
PAMPA
CHILDRESS
PLAINVIEW
DIMMITT
LUBBOCK
WICHITA FALLS
ABILENE
FORT WORTH
DALLAS
CORSICANA
MEXIA
HOUSTON
TEXAS CITY
GALVESTON
SAN ANTONIO
BROWNSVILLE
PORT ARTHUR
LAKE CHARLES
NEW ORLEANS
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NASHVILLE
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CINCINNATI
CLEVELAND
PITTSBURGH
NEW YORK
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G. N.
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